



STATE OF RHODE ISLAND
**ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL**

MEETING MINUTES

Thursday, October 19, 2017 | 3:30 - 5:30 PM

Conference Room A, 2nd Floor, Department of Administration, Providence, RI

Members in Attendance: Chris Powell, Carol Grant, Anthony Hubbard, Michael McAteer, Joe Cirillo, Shigeru Osada, Joe Garlick, Raquel Webster, Diane Williamson and Betsy Stubblefield Loucks.

Others Present: Mike Guerard, Emily Levin, Nick Ucci, Sara Canabarro, Becca Trietch, Danny Musher, Jonathan Schrag, Lindsay Foley, Matt Chase, Erika Niedowski, Courtney Lane and Brigid Ryan.

1. Call to Order

Chairman Powell called the meeting to order at 3:36PM.

2. Approval of Meeting Minutes

Chairman Powell requested a motion to approve the minutes for September, with the amendments shown in track-changes by Shigeru Osada. Mr. Cirillo made a motion, and Ms. Stubblefield seconded it. All approved.

3. Executive Director Report

a) General Update

Commissioner Grant was not present at this moment of the meeting, so she asked Deputy Commissioner Nick Ucci to provide the general update. Mr. Ucci reported that Rhode Island ranked third in the 2017 State Energy Efficiency Scorecard, rising one position compared to last year. Rhode Island earned a perfect score for its utility policies and programs for the fourth year in a row and continues to achieve levels of savings amongst the highest in the country. Mr. Ucci stated there is a one page summary included in the council member packets. Mr. Ucci also reminded the Council that, Senator Whitehouse will be hosting his Energy Environmental Stakeholder Event at the convention center tomorrow, October 20th.

4. Chairperson Report

a) General Update

Chairman Powell stated that the majority of the meeting will focus on reviewing National Grid's final version of the 2018 Annual Energy Efficiency (EE) and System Reliability Procurement (SRP) Plans. During the meeting, the Council will also be voting on a funding transfer request from National Grid. More information on this request will be provided by both the Consultant Team and National Grid during their presentations. Chairman Powell also stated that the C-Team is giving an update on the status of the Cost-Effectiveness Report. The Council will also vote on the Bylaw redlines, which Ms. Trietch will go over during this meeting. To help with discussion questions and votes, there is a document stapled to the agendas that were distributed to the Council members that shows recommended discussion questions and vote language options.

1. EERMC Quarter 3 Budget Status

Chairman Powell reported that due to time constraints, an EERMC Q3 Budget report has been included in the Council member packets, but will not be discussed during today's meeting. If there are any questions on the report, please contact Becca Trietch.

5. National Grid Programs & Plans

a) Overview of final 2018 Energy Efficiency & System Reliability Procurement Plans and Associated Budget Adjustments

Mr. Guerard and Ms. Levin provided an overview of the final 2018 EE & SRP Plans and associated budget adjustments. To summarize, the savings were reduced from the first draft due to the budget cap, but are still higher than the levels of 2018 electric and gas savings in the Three-Year Plan. Cuts made due to the budget cap represent a reasonable balance across sectors and preserve Rhode Island's commitment to energy security and innovation. The plan maintains Rhode Island's national leadership and delivers robust, cost-effective energy savings. The plan includes a strong focus on innovation and pilots to position Energy Efficiency and System Reliability Procurement programs for the future. For all these reasons, the C-Team recommends that the Council vote to approve the 2018 Annual Plan as presented, to be submitted by National Grid to the PUC by November 1st.

Chairman Powell asked if the Council had any questions. Mr. Ucci thanked everyone involved in the making of the 2018 Annual Plans for their incredible, hard work, and he stated that OER strongly supports the plans. Deputy Administrator, Jonathan Schrag from the DPUC also stated their support for the Annual Plans.

The Consultant Team also summarized how the methodology for comparing the cost of energy efficiency to the cost of supply was updated for the 2018 annual plans. Instead of using the residential standard service rate, a weighted average of all rates was used. In addition, only the program cost of delivering the energy efficiency programs was compared to the weighted average rate to confirm the Plan's cost-effective savings were less than the cost of supply. This methodology is in line with what other states are using. Mr. Osada asked if the Consultant Team was admitting that the old methodology for comparing EE costs to supply costs was not appropriate. Mr. Guerard responded that this change happened based on the Council's discussion last meeting, and that the previous way was not wrong, but this new way is better, similar to how the Total Resource Cost Test (TRC) was changed to the RI Test this year in a similar move to improve methods. There were questions raised about whether the residential standard offer was the appropriate reference point, which led the Consultant Team to revisit the approach. The new definition is a more accurate way of representing EE costs versus cost of supply. To make sure the new methodology fulfills the Least Cost Procurement (LCP) law, the Council's attorney, Marisa, was asked to write a legal opinion that included in the Council member packets. She found that the new methodology and the process by which it was changed does adhere to LCP law.

Chairman Powell asked what the gap between the cost of efficiency and the cost supply was. Mr. Guerard responded that the new interpretation is about \$.05 efficiency, and \$.10 supply. He added that, even if they had not changed the methodology, the old way would still have the portfolio of energy efficiency, costing less than the cost of supply. He repeated that this is simply a more accurate way to represent the cost difference. Ms. Levin stated that the Consultant team had made sure they were using best practices. Mr. Osada then asked if other States are using this new definition, and if RI has always done it wrong by using the old way. Ms. Levin replied that the other States have always used the new definition, and that RI was not doing it wrong, just not ideally. No matter what methodology you use for comparison, all the previously approved energy efficiency plans would still be cost-effective, so it would not have changed the outcome. Energy efficiency has always been less expensive, and they made this change to now align with the National best practice. Mr. Osada then asked, if the RI Test was changed and approved by the PUC without being discussed with the Council, should the same process be used for changes to this methodology? He also stated that he believes this change to be drastic. Chairman Powell replied that there is a memo from the legal counsel included in today's packets that shows the Council is meeting and doing what they are supposed to do.

b) National Grid Summary of the final 2018 Energy Efficiency & System Reliability Procurement Plans and Associated Funding Transfer Request

Courtney Lane went over the changes to the Residential Sector programs and changes to the C&I Sector programs, highlighting that despite budget cuts, the plan delivers on innovative new technologies, will test new solutions and go-to-market strategies and will build solutions for the future. Ms. Lane then continued to go over the final draft by the numbers. Specifically, she highlighted the benefits and how the final draft costs less than supply. John Richards reviewed the final draft Bill Impact analysis, stating that over the lifetime of the programs proposed for 2018, the average RI customer's bill will be less than if there were no EE programs. Ms. Lane concluded the presentation by stating that the Plan complies with LCP and the Standards; it meets the Three-Year Plan savings targets; continues proven strategies while preparing for the future and provides savings opportunities to all customer segments. It is also cost-effective and less than cost of supply, and gives benefits to the citizens of Rhode Island. In addition, this Plan is also supported by members of the RI Collaborative.

Ms. Lane then also requested the Council's approval to transfer \$1.8 Million from the Non-Income Eligible Sector's ENERGY STAR® Lighting program to the commercial and industrial (C&I) sector finance budget in 2017. Approval of this transfer is essential to accomplishing all the goals outlined in the 2018 Plan. The letter requesting the necessary approval has been included in the Council member packets.

Next, Lindsay Foley and Matt Chase reviewed the Non-Wires Alternatives (NWAs) section of the SRP Plan and went over the Rhode Island System Data Portal included in the Plan. They also provided an update on the Tiverton Pilot implementation, and described the savings achieved by this pilot. Mr. Chase also reviewed the Little Compton Battery Storage Project that will be starting in 2018. Ms. Foley then reviewed the SRP Incentive Mechanism Proposal and the SRP 2018 Proposed Budget. The 2018 proposed budget had been developed to meet the requirements of the 2018 budget cap (i.e. the budget did not exceed the amount approved in the 2017 SRP Plan).

Mr. Osada questioned if the graph showing savings from the Tiverton pilot showed cumulative savings or savings each year. Ms. Foley explained that the graph represents how much load relief had been created in the Pilot area by the end of 2017.

c) Public Comment on the final 2018 Annual Plans & Budget Adjustment Request

Erika Niedowski from Acadia Center shared that they are excited that RI rose one place to #3 on the ACEEE National Energy Efficiency Scorecard. Ms. Niedowski stated that 2018 is a difficult year for EE programs. The \$12.5 million scoop, and the program budget cap are depriving Rhode Island residents of significant energy savings at a time where electric rates have increased. The Acadia Center believes this is not the best plan we could have and it does not fulfill the State's policy of LCP due to the budget cap. This plan, however, is the best we could do under the circumstances. Acadia Center offers its support for the Plans and urges the Council to approve it. The cuts while disappointing, were done with reasonable compromises. Acadia Center is ready to use their platform to help grow support for EE Programs within the State House and Rhode Island's local communities, and it looks forward to working with everyone on those efforts.

Jonathan Schrag from the Division of Public Utilities and Carriers (DPUC) stated that on behalf of Rhode Island ratepayers, the DPUC supports the 2018 Annual Plans, in particular the SRP. This plan reflects a new direction with respect to transparency and a data based approach. The DPUC sees this as an important turning point for the distribution systems in RI. Mr. Schrag added that he is extremely impressed with the transparency and attention to detail that National Grid, OER and the Consultant Team have provided. The DPUC supports the 2018 Plans.

Brigid Ryan from RI Housing shared that she appreciates being part of the collaborative and the overall process of developing the EE and SRP Plans. Ms. Ryan stated that RI Housing supports the new RI Test,

and that many lives were, and are being saved by the health benefits of energy efficiency. Ms. Ryan also shared that RI Housing believes that program caps and any limitations are wrong- instead of growing our economy, we are hurting Rhode Islanders since energy rates are already too high for our residents. Ms. Ryan appreciates everyone's protection of the Low-Income programs during the budget cutting process and she stated that RI Housing supports the approval of the Plans.

d) Council Discussion & Vote on Funding Reallocation in 2017 Budget

Ms. Trietch quickly reported that a spreadsheet highlighting all the changes to the 2017 budget that would occur with the transfer of funds request was included in the Council member packets. In addition, the DPUC was also asked to approve this funding transfer request and has already done so (their approval letter was also included in Council member packets for easy reference). The formal request from National Grid is in the packets and was sent out via email in advance of today's meeting. Ms. Trietch also attempted to draft an approval letter for the EERMC.

Chairman Powell requested a motion to vote to approve on National Grid's funding transfer request. Mr. Garlick made a motion to approve the signing of the drafted letter of approval for National Grid's 2017 funding transfer request and for OER to send to the signed letter to National Grid by October 20th. Mr. Hubbard seconded this motion; All approved.

e) Council Discussion & Vote on final 2018 Annual Plans

Mr. Osada expressed his concerns about the new definition of the cost of energy efficiency which now excludes the customer's contribution. He also stated his belief that the benefit-cost ratio is now inflated by the PUC-approved RI Test which includes further economic and carbon emission benefits of energy efficiency. Mr. Osada is concerned that these changes make it too easy to justify increasing the system benefit charge on customer bills in the future. He does not support the plan because of these reasons.

Chairman Powell requested a motion to vote to approve the 2018 Annual Plans. Ms. Stubblefield made a motion to approve the 2018 EE and SRP Plans as written by the National Grid and to allow slight amendments and/or edits to the Plans if such changes are deemed appropriate by both National Grid and the EERMC Consultant Team. Any such amendments must be reviewed and agreed to by the EERMC Consulting Team, acting on behalf of the Council. Furthermore, the Council should direct Marisa Desautel to provide a signature page to National Grid prior to November 1st as part of the Settlement of Parties for the PUC Filing. Mr. Garlick seconded this motion; All approved, except for Mr. Osada.

f) Schedule Cost-Effectiveness Report for 2018 Annual Plan

Mr. Guerard informed the Council that the Standards require that the Council submits a cost-effectiveness report on the 2018 Annual Plan 14 days after National Grid files the plan. Unfortunately, the next Council meeting is on November 16th (16 days past the November 1st filing deadline). Therefore, Marisa requested an extension from the PUC which was granted. The Council members will now be able to vote on the final draft of the cost-effectiveness report during the November meeting. The report will then be submitted to the PUC by the extended deadline of November 17th.

6. Council Business

a) Vote on EERMC Bylaws Edits

Ms. Trietch quickly went over the suggested redlines (shown in the packets), that were put together by Marisa, DOA's Legal team and herself. The goal of the edits was to try to lessen the burden of the Executive Committee. The largest changes include moving the agenda creation duty to the

Chairperson (from the Executive Committee), specifying some duties already performed by OER under the Executive Director, and specifying a method for Council members to adjust agendas if desired. By moving the monthly agenda creation to the Chairperson, the Executive Committee could meet on an as-needed basis instead of monthly. Chairman Powell requested a motion to vote to approve the Bylaw edits. Mr. Hubbard made a motion to approve; Ms. Stubblefield seconded this motion. All approved.

b) Update on Consultant Services RFP from the evaluation Team

Anthony Hubbard shared that the Evaluation team had received one response to the RFP from the existing Consulting Team. The Evaluation Team agrees it's a very well written response, and since this is a very specific scope of work, they do not foresee any other firm submitting other responses. They would therefore like to make a recommendation to the Council to move forward with the evaluation process. Ms. Trietch stated that in November's meeting, they will bring the full recommendation and the Council will be voting on the selection.

7. Other Public Comment

Mr. McAteer stated that he appreciates everyone that worked and contributed towards the 2018 Annual Plans, and he thanks the Council for its approval. Commissioner Grant also reminded the Council one more time of Senator Whitehouse's Energy and Environment event occurring tomorrow, October 20th.

8. Adjournment

Chairman Powell requested a motion to adjourn the meeting. Mr. Cirillo made a motion to adjourn; Mr. Garlick seconded the motion. All approved.

The meeting was adjourned at 5:03PM.

Meeting Materials



STATE OF RHODE ISLAND
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MEETING AGENDA

Thursday, October 19, 2017 | 3:30 - 5:30 PM

Conference Room A, 2nd Floor, Department of Administration, Providence, RI

1. Call to Order

2. Approval of Meeting Minutes

3. Executive Director Report

a) General Update

4. Chairperson Report (items 1-4: 3:30 - 3:40pm)

a) General Update

1. *EERMC Quarter 3 Budget Status*

5. National Grid Programs & Plans (3:40 - 4:50pm)

a) Overview of final 2018 Energy Efficiency & System Reliability Procurement Plans and Associated Budget Adjustments (20 min, 4:00pm)

EERMC Consultant Team to provide context for and thoughts regarding the final 2018 Annual Plans and associated budgets.

b) National Grid Summary of final 2018 Energy Efficiency & System Reliability Procurement Plans and Associated Funding Transfer Request (20 min, 4:20pm)

National Grid to provide an overview of the final 2018 Energy Efficiency Plan and 2018 System Reliability Procurement Plan, and to present an associated 2017 funding transfer request.

c) Public Comment on the final 2018 Annual Plans & Budget Adjustment Request

Two (2) minute limit per person and/or affiliation

d) Council Discussion & Vote on Funding Reallocation in 2017 Budget (10 min, 4:45pm)

The Council to discuss National Grid's funding transfer request and to vote on its approval.

e) Council Discussion & Vote on final 2018 Annual Plans (15 min, 5:00pm)

The Council to discuss key topics within the final 2018 Annual Plans and to vote on the approval of the Plans.

f) Schedule for Cost-Effectiveness Report for 2018 Annual Plan (5 min, 5:05pm)

The EERMC Consultant Team will present the schedule for approving and submitting a final cost-effectiveness report on the 2018 Annual Plan to the PUC.

6. Council Business (5:05 - 5:20pm)

a) Vote on EERMC Bylaw Edits (10min, 5:15pm)

Council to vote on the approval Bylaw edits. Edits were made with the intent of lessening the burden of the EERMC Executive Committee.

b) Update on Consultant Services RFP from the Evaluation Team (5 min, 5:20pm)

The Evaluation Team will provide a status update on the proposal evaluation process for the Consultant Services RFP.

7. Other Public Comment

8. Adjournment



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Discussion & Vote on the Funding Transfer Request in 2017 Budget

1. Key Discussion Question(s):

1. Is this an appropriate use of the remaining 2017 funds, especially as it relates to the budget cap for 2018?
2. Is this transfer between sectors equitable?
3. Will 2017 Annual Plan savings goals and initiatives still be met?
4. Will this transfer result in increased benefits for Rhode Island?

2. Recommended vote language options:

1. a motion to approve the signing of the drafted letter of approval for National Grid's 2017 funding transfer request and for OER to send the signed letter to National Grid by October 20th.
2. a motion to approve the signing of the drafted letter of response to National Grid's 2017 funding transfer contingent on the following edits to the letter: _____. And for OER to send the signed, amended letter to National Grid by October 27th.

Discussion & Vote on Final 2018 Annual Plans

1. Key Discussion Question(s):

1. Do the Plans sufficiently address the concerns of the stakeholder groups represented by Council members?
2. Do the Plans meet the 2018 energy savings targets and follow the Standards that were recommended by the EERMC and approved by the PUC? If not, are the reasons valid and clearly described?
3. Does the EE Plan identify strategies and an approach to program implementation that will secure all cost-effective energy efficiency resources that are lower than the cost of supply? I.e. does the Plan fulfill the requirements of Least Cost Procurement?
4. Were the changes to the first draft, especially those made to address the 2018 budget cap, appropriate? Were stakeholder interests appropriately addressed?
5. Are there any adjustments to the Plans that should be made to better fulfill Least Cost Procurement requirements?
6. Are there any adjustments to the Plans that should be made to better support the groups represented by council members?
7. Will the PUC approve the Plans? ("The commission shall issue an order approving all energy efficiency measures that are cost effective and lower cost than acquisition of additional supply, ... and shall approve a fully reconciling funding mechanism to fund investments in all efficiency measures that are cost effective and lower cost than acquisition of additional supply...")

2. Recommended vote language options:

1. a motion to approve the 2018 EE and SRP Plans as written by National Grid and to allow slight amendments and/or edits to the Plans if such changes are deemed appropriate by both National Grid and the EERMC Consultant Team. Any such amendments must be reviewed and agreed to by the EERMC Consultant Team, acting on behalf of the Council. Furthermore, the Council should direct Marisa Desautel to provide a signature page to National Grid prior to November 1st as part of the Settlement of Parties for the PUC filing.
2. a motion to approve the 2018 EE and SRP Plans contingent on the following amendments: _____. This approval shall also allow other slight amendments and/or edits to the Plans if such changes are deemed appropriate by both National Grid and the EERMC Consultant Team. Furthermore, the Council directs Marisa Desautel to provide a signature page as part of the Settlement of Parties for the PUC filing to National Grid after the document amendments have been completed, shared, reviewed, and approved by the Consultant Team, on behalf of the Council.

Vote on EERMC Bylaw Changes

1. Key Discussion Question(s):

1. Will the edits to the Bylaws reduce the burden on the EERCM Executive Committee? Will they help encourage other members to volunteer for the Ex Comm?
2. Will the Council and Executive Committee still be able to function effectively, transparently, and efficiently with these changes to the Bylaws?
3. Are there any additional changes that should be considered at this time?
4. Are the proposed changes clear?

2. Recommended vote language options:

1. a motion to approve the changes to the Bylaws as shown by the redlines.
2. a motion to approve the changes to the Bylaws with the following amendments: _____.



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MEETING MINUTES

Thursday, September 21, 2017 | 3:30 - 5:30 PM
Conference Room B, 2nd Floor, Department of Administration, Providence, RI

Members in Attendance: Chris Powell, Carol Grant, Roberta Fagan, Tom Magliocchetti, Anthony Hubbard, Karen Verrengia, Michael McAteer, Bob Bacon, Diane Williamson, Joe Cirillo, Shigeru Osada, Joe Garlick and Betsy Stubblefield Loucks.

Others Present: Mike Guerard, Emily Levin, Nick Ucci, Sara Canabarro, Carrie Gill, Chris Kearns, John Richards, Lindsay Foley, Seth Handy, Matt Ray, Alice Hourihan, Kat Burnham, Erika Niedowski, Courtney Lane, Angela Li, Mona Chandra, Matt Chase, Belinda Wong and Brigid Ryan.

1. Call to Order

Chairman Chris Powell called the meeting to order at 3:31PM.

2. Approval of Meeting Minutes

Chairman Powell requested a motion to approve the minutes for August, with the amended note by Shigeru Osada. Joe Cirillo made a motion to adopt the minutes as amended; Bob Bacon seconded the motion. All approved.

3. Executive Director Report

a) General Update

Commissioner Carol Grant reported that the ACEEE Energy Efficiency Scorecard will be out by 9/28, and she will share those results with the Council at the next meeting. She also shared that the nine states participating in the Regional Greenhouse Gas Initiative, have reached an agreement to go forward with even more aggressive reductions in GHG emissions. Commissioner Grant also noted that the General Assembly had held a special session and had not yet passed legislation that would change the 2018 energy efficiency plan budget cap to a system benefit charge cap. The original Three-Year Plan had not included this cap on the budget. Commissioner Grant added that OER and other stakeholders will continue to work on the impacts that any legislation might have on the 2018 EE Plan and will keep the Council informed throughout the process.

Mr. Osada asked how National Grid can honor the budget cap if the Three-Year Plan is already submitted to PUC. Commissioner Grant and Chairman Powell both explained that Annual Plans are legally binding filings, while the Three-Year Plan is meant to provide overall strategic direction. Therefore, the Annual Plan will be required to be in compliance with the law when submitted to the PUC.

4. Chairperson Report

a) General Update

Chairman Powell stated that the majority of the meeting will focus on reviewing National Grid's draft version of the 2018 annual energy efficiency and SRP Plans. During this meeting, the Council will also be voting on the Consultant Team's cost-effectiveness report for the Three-Year Plan, which is due to the PUC tomorrow. National Grid will also be giving a summary of their Q2 program progress report. During the Council Business section of the agenda, the Council will review Energy Education proposals, proposed edits to Council By-laws, and the Consultant Services RFP Evaluation Team.

5. National Grid Programs & Plans

a) *Vote to Approve Cost- Effectiveness Report for Three- Year Plan*

Mike Guerard reported that the Three-Year Plan is cost effective and less than the cost of supply per the LCP Standards. The Consultant Team documented these findings in the cost-effectiveness report before the Council that was distributed on September 14. He stated that the report's content is similar to other cost-effectiveness reports previously submitted to the PUC. This is the document that the Council has historically voted on and has submitted to the PUC as evidence that the Three-Year Plan complies with the Least Cost Procurement Law, and is cost effective.

Mr. Osada commented that if the cost effectiveness report shows the cost/benefit ratio detail on top, why not show the comparison of the cost of energy efficiency versus the cost of supply. Mr. Guerard answered that the numbers on the front of the report are meant only as a reference, and pages 5 through 7 provide more detail. Mr. Osada also questioned why the residential standard offer service rate is used for the price comparison in the report, instead of comparing the actual prices each sector pays. Moreover, he expressed concerns over the cost per kWh of the innovation line item, and how this uncertainty is included in the cost-effectiveness test. Chairman Powell then clarified that the Council already approved the Three-Year plan., which included the innovation line. Therefore, as long as the plan passes the cost-effectiveness test as defined in the Standards, the Council should move on to other items on the agenda. Betsy Stubblefield Loucks also asked the Council to move on to allow others to make comments. Mr. Osada stated that he ~~was unaware that the approval of the Three Year Plan included the approval of the budget~~ did not think that approving the Three-Year Plan meant approving the cost for the innovation line item which he thinks is unreasonable.

Chairman Powell requested a motion to approve the Cost-Effectiveness Report for the Three-Year Plan. Karen Verrengia made a motion to approve; Ms. Stubblefield Loucks seconded the motion. All approved, except for Mr. Osada.

b) *Intro to draft 2018 Energy Efficiency & System Reliability Plans*

Emily Levin reported that the 2018 Annual Plan is due to the PUC on November 1st and that National Grid is responsible for the drafting and filing of this plan. She added that this presentation was based on a plan without a budget cap, so they will start working to update the information right away. Mike Guerard explained that the savings for 2018 are between what was represented in the Three-Year Plan and the Targets filing. The Annual Plan numbers shifted because they had to take into account recent evaluation results that were not available for the drafting of the Three-Year Plan. These new evaluations are showing more savings being attributable to the programs. Therefore, the savings are shown as adding no additional cost. Mr. Osada shared that he is very frustrated that the numbers keep changing for every draft. Ms. Levin stated that all the changes simply reflect additional information that allows National Grid to claim more savings from the currently established programs. Chairman Powell explained that the timeline available to conduct evaluations and plans in sequence is insufficient.

Mr. Bacon wants to better understand what Mr. Osada's concerns are, and what purpose the Three-Year plan has. Mr. Osada reiterated his concern over comparing the average cost per lifetime kWh saved across sectors to the residential standard offer service rate. Mr. Guerard stated that the Three-Year Plan allows for long-term planning and guides the annual plan process. Ms. Levin continued with the presentation, and shared that the written comments for the draft 2018 Annual Plan are due tomorrow to National Grid. The consultant team sent memos to each Council member highlighting the areas affecting their representative constituencies. She encouraged the Council members to send their input/comments to the consultant team in order for their comments to be incorporated into the next version of the Plan. All the Council members should also feel free to reach out to her or Mike Guerard with any questions.

c) National Grid Summary of draft 2018 Annual Plans

Courtney Lane and her team went over the draft of the 2018 Energy Efficiency Plan and System Reliability Plan. Ms. Lane stated that the first draft of the Annual Plan does include the \$12.5 million diversion of funds per the General Assembly. She shared that National Grid will work with the Council and Collaborative to identify ways to strategically make an additional ~\$10 million budget cut as a result of legislation. Ms. Lane informed the Council that National Grid and the Collaborative have a call this upcoming Monday, and will inform the Council of any changes as soon as possible, so that by October 19th the Council can vote on the final draft of the 2018 Annual Plan. Karen Verrengia asked Ms. Lane to highlight exactly where the budget cuts are going to happen to make it easier to understand when comparing to previously expected savings. Nick Ucci added that during the Collaborative phone call last week, it was agreed that the budget cuts would not impact Income-Eligible customers. Mr. Osada believes that the benefits/savings from the plan are not accurate, and asked National Grid repeatedly to present the B/C trend cost ratio is very low for 2018 and asked National Grid to show the trend of the benefit/cost ratio over time so that the Council can recognize today's situation visually. Ms. Lane explained that the plan complies with the law and the graphs displayed are truthful.

Angela Li informed the Council that October 5th is National Energy Efficiency Day, and she encouraged members to sign up for free Home Energy Assessments offered by National Grid.

Lindsey Foley and Matt Chase went over the draft System Reliability Plan, but did not have any presentation slides. Mr. Osada expressed an opinion that sometimes immediate investment is better than deferral, and he shared a concern about not having invested in certain infrastructure with a possibly hot 2018 summer. Ms. Foley explained that the premise of non-wires alternatives is that deferral of investments is better than immediate investment, and that National Grid's deferral of investment maintains an appropriate buffer to mitigate risks.

d) Public Comment on the draft 2018 Annual Plans

Chairman Powell reported that Seth Handy (from Handy Law) had sent a letter with comments, which was included in the Council's packets.

Kat Burnham from People's Power & Light (PP&L) shared that they are pleased that the Plan commits to the Least Cost Procurement Law, and demonstrates real benefits. They are pleased to see the integration of the RI test, since they had made a lot of comments over time that the Total Resource Cost test didn't sufficiently capture emissions costs and energy efficiency benefits. The RI Test is better aligned with state goals. Regarding the increased incentives for heating oil weatherization, they are very pleased these incentives are included, and they expect consumers to respond well to them. In order to maintain Rhode Island's national leadership on efficiency, we have to maintain high levels of savings. For this reason, the savings proposed in the Three-Year Plan were very welcomed. Regarding the proposed SRP document, PP&L is very excited about the storage pilot that's proposed to address the Summer Peak. However, they have heard it may be discontinued due to funding concerns. Ms. Burnham also stated that we need to emphasize how detrimental the \$12.5 million diversion to the General Fund and program budget cap is to our energy efficiency programs. PP&L had made this point at the time of the Three-Year Plan's development, and will emphasize it again for this Annual plan. She concluded that it is on all of us to educate our community on the importance of Energy Efficiency, and this plan can and should be used as a tool to educate folks.

Erika Niedowski from Acadia Center shared that they are very pleased to see additional cost effective energy savings in the Annual Plan, as compared to the Three-Year Plan. Specifically, the proposed Annual Plan not only meets, but exceeds the 2018 Natural Gas targets filed by the EERMC. They are also very pleased to see the RI test incorporated into the plan. Broadly speaking, the plan offers strategies to deliver

cost effective energy efficiency savings across customer segments, and lays important ground work for future innovation. The Acadia Center also welcomes the suggestion of creating a business forum, or working group to bring more business voices to the table. Acadia Center has two serious concerns about the 2018 Plan. First, the General Assembly appropriation of \$12.5 million in ratepayer's funds to the general revenue fund is effectively an energy tax. Second, the cap on the 2018 budget will result in an additional \$10 million in cuts towards energy efficiency at a time when electricity rates are going up. Moreover, it places an artificial limitation on cost-effective energy efficiency and violates Least-Cost Procurement law. The Acadia Center strongly recommends Income-Eligible programs to be spared from any budget cuts. While the Acadia Center supports efforts to provide efficiency to the delivered fuels sector, that sector is not covered in the Least Cost Procurement Law, so for that reason it may be appropriate to delay incentives in these programs and continue to think about the best ways to serve this sector.

e) Council discussion on draft 2018 Annual Plans

Michael McAteer stated that the benefits are large, and he encourages the Council to really dive into the plan. This plan is setting the direction for the future of energy efficiency and clean energy. Chairman Powell shared that there is a Power Sector Transformation meeting on September 25th, which is opened to the public, and he encourages the Council members to attend. Mr. Osada stated that the Annual Plan is too long to dive into, and he recommends more visuals to help quicken everyone's understanding. Chairman Powell said that the Council needs to repeat training sessions, or add more retreats, to make sure that all members understand what is going on and can have open discussions, as well as have all their questions answered. Mr. Osada and Ms. Stubblefield Loucks support this idea.

Diane Williamson asked how the Council can prevent such legislative budget cuts from happening again. Chairman Powell suggested communicating to legislators. Commissioner Grant reminded Council members that their representation in this conversation is very powerful because they understand both energy efficiency and the needs of their stakeholders, and posed the question of how to communicate benefits of energy efficiency to customers in an environment of increasing costs. Chairman Powell suggested that he, Commissioner Grant, and Becca Trietch brainstorm on how to communicate to legislators and would come back to the Council with some ideas. He also suggested having the Council's legal counsel, Marisa Desautel, talk to Council members about the legal process and how to best prevent a diversion of funds and program budget caps in the future.

f) National Grid Quarter 2 Energy Efficiency Program Update

Angela Li, Courtney Lane and John Richards went over the Quarter 2 update on the 2017 Energy Efficiency Programs. Mr. Osada ~~expressed frustration because he wants National Grid to show more information during these updates~~ [recommended showing the top measures that contribute to achieving the energy savings goals](#). Ms. Lane explained that there is already significant data for the time allotted during EERMC meetings, and he should discuss with the Consultant Team.

6. Council Business

a) Vote on Energy Education Proposal Selection

Ms. Stubblefield Loucks shared that Becca Trietch, Karen Verrengia and herself went over the energy education proposals from NEED, RI Housing and Evergreen Economics, and after using the rubric for evaluation, they all agreed that NEED offered the best proposal. Ms. Verrengia added, however, that all three of them appreciated the needs assessment that Evergreen Economics had included in their proposal. Therefore, Ms. Verrengia proposed assigning \$60k to NEED (instead of the full amount of \$75k that is available) and allocate the remaining \$15K for a needs assessment to inform future education efforts. Ms. Stubblefield Loucks reiterated NEED's extensive experience with energy education and asked the Council

to vote to approve the NEED Energy Education proposal for the amount of \$60k today, and they and Ms. Trietch will work to write a separate RFP for a needs assessment. Angela Li also commented from the audience that historically National Grid and OER have provided funding to NEED. Ms. Verrengia explained that this year, funding sources have leveled off and the Council's funding would help NEED to expand the program's reach.

Chairman Powell requested a motion to approve the NEED Energy Education Proposal for \$60k. Bob Bacon made a motion to approve; Anthony Hubbard seconded the motion. All approved.

b) EERMC Bylaw Review

Nick Ucci stated that Becca Trietch, Marisa Desautel and DOA's legal team put together this redlined version of the EERMC Bylaws to be reviewed by the Council. The goal of the edits is to try and lessen the burden of the Executive Committee. Chairman Powell shared that the largest changes include moving the agenda creation duty to the Chairperson, specifying some duties already performed by OER under the Executive Director, and specifying a method for Council members to adjust agendas if desired. By moving the monthly agenda creation to the Chairperson, the Executive Committee could meet on an as-needed basis instead of monthly. Nick Ucci asked the Council members to review the document redlines and provide comments to Ms. Trietch. A vote on the revisions will be held in October.

c) Vote on Consultant Services RFP Proposal Evaluation Team

Chairman Powell reported that Ms. Stubblefield Loucks, Tom Magliocchetti and Anthony Hubbard have volunteered to make up the Consultant Services Proposal Evaluation Team. Chairman Powell requested a motion to approve. Ms. Verrengia made a motion to approve; Bob Bacon seconded the motion. All approved. Mr. Osada asked Mr. Ucci if anyone had submitted questions about the RFP; Mr. Ucci responded that he was not aware of any questions, but would ask Ms. Trietch to circulate that information if any came to light.

7. Other Public Comment

No public comments were made.

8. Adjournment

Chairman Powell requested a motion to adjourn the meeting. Mr. Osada made a motion to adjourn; Joe Cirillo seconded the motion. All approved.

The meeting was adjourned at 5:29PM.

3

Rhode Island

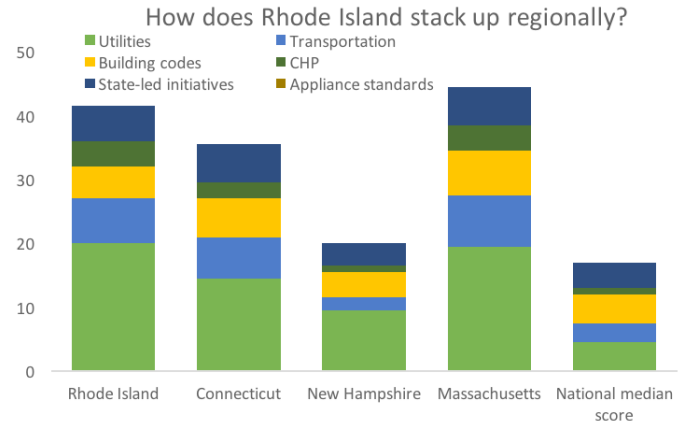
Rhode Island ranked third in *The 2017 State Energy Efficiency Scorecard*, rising one position compared to last year. The state earned 41.5 points out of a possible 50, two points more than last year. Rhode Island continues to rank high among the top states in the *State Scorecard*, with National Grid meeting ambitious savings targets through successful programs outlined in its three-year Least Cost Procurement Plan. The state has shown strong commitment to reducing energy waste across almost all policy sectors and can continue to achieve high levels of energy savings through regular renewal of efficiency targets and periodic updates to its building energy codes. Rhode Island continues to look for ways to capture untapped savings through innovative pilot programs and planning efforts intended to achieve zero net energy buildings and reduce greenhouse gas emissions.

UTILITIES (20 OUT OF 20)

Rhode Island earned a perfect score for its utility policies and programs for the fourth year in a row and continues to achieve levels of savings among the highest in the country. Efficiency program administrators in the state devote notable levels of funding to acquire all cost-effective energy efficiency resources while empowering communities and markets to achieve deeper savings by enhancing existing programs. Rhode Island has set aggressive energy savings targets as part of its energy efficiency resource standard, which includes both electricity and natural gas.

TRANSPORTATION (7 OUT OF 10)

The state integrates transportation and land use planning, and devotes significant funding to transportation initiatives. Rhode Island has set tailpipe emissions standards and passed complete streets legislation. As part of its Driving Rhode Island to Vehicle Electrification (DRIVE) program, the state offers rebates for high efficiency vehicles. In addition, the state released a Greenhouse Gas Emissions Reduction Plan in late 2016 outlining strategies for reducing the state's carbon footprint through electrification of the transportation sector and improving transit programs.



BUILDING POLICIES (5 OUT OF 8)

Residential and commercial building construction must currently comply with a weakened version of the 2012 IECC, although the state is reviewing the 2015 IECC. Rhode Island has completed a baseline compliance study for commercial and residential buildings and conducts an array of ongoing activities to improve compliance rates.

COMBINED HEAT AND POWER (4 OUT OF 4)

The state has an interconnection standard, offers incentives for CHP deployment, and includes cost-effective and efficient CHP as an eligible resource within its energy efficiency resource standard. National Grid has also established CHP production goals and offers technical assistance. Two new CHP systems were installed in 2016.

GOVERNMENT-LED INITIATIVES (5.5 OUT OF 6)

The state offers a variety of energy efficiency incentives for consumers and has an active PACE program. State government leads by example by requiring efficient public buildings, benchmarking energy use, and encouraging energy savings performance contracts.

APPLIANCE STANDARDS (0 OUT OF 2)

Rhode Island is one of the few states to set appliance standards, although no additional standards have gone into effect in the past three years. The most recent standards were adopted in 2006 and all but two have been preempted by federal standards.

WETHERSFIELD COMMONS

Residents at the Wethersfield Commons condominium community participated in a property-wide energy efficiency program through National Grid and RISE Engineering that yielded impressive results. The community upgraded more than 150 of the 493 units, and many of those who did not initially participate are calling the office to ask when the program will be available again, according to Gina Vigliotti, the Wethersfield Commons property manager. For a total cost of only \$21,904 to participating residents, the program will save 299,846 kWh and 9,959 therms of natural gas through LED lighting, programmable thermostats, smart power strips, improved insulation, and air sealing. In addition to the electricity savings, the residents are enjoying more comfortable homes and, due to the brighter LED lighting, a safer community.



EERM Budget for CY 2017

Last Updated 10/13/2017
 Updated Through 10/1/2013

INCOME - CURRENT YEAR			INCOME - FUTURE YEAR		
a	2016 Unspent Fund Balance	\$ 126,308.69	2017 Total Funding	\$ 1,441,011.45	
b	2016 Carry Over to Fund	\$ 194,102.76	2017 Projected EOY Spending	\$ 1,060,588.27	* Includes expected spending on other categories, yet to be fully expensed
c = a + b	Total Amount in Client Fund	\$ 320,411.45	Total 2017 Unspent Amount	\$ 380,423.18	
d	2017 SBC - Electric	\$ 816,300.00	2018 SBC - Electric	\$ 706,100.00	* From the 2018 Annual Plan Final Draft Tables E-2 and G-2
e	2017 SBC - Gas	\$ 304,300.00	2018 SBC - Gas	\$ 295,200.00	
f = d + e	Total Amount in Main Fund	\$ 1,120,600.00	Total Amount in Main Fund	\$ 1,001,300.00	
g = c + f	Grand Total Available Funds	\$ 1,441,011.45	Grand Total Available Funds	\$ 1,381,723.18	

EXPENSES

	Budget	Spending by Quarter				Total Spending from Budget		Total Remaining Budget		Projected End of Year Budget Balance		Notes	
		CY 2017	Q1	Q2	Q3	Q4	\$	% of Budget	\$	% of Budget	\$		% of Budget
Expenses Drawn from Main Fund													
<i>Consultant Services</i>													
h1	Core allocation	\$ 759,350.00	\$ 236,947.07	\$ 220,177.83	\$ 145,980.43	\$ -	\$ 603,105.33	79.4%	\$ 156,244.67	20.6%	\$ 723,726.40	95.3%	
h2	Travel/Expenses	\$ 19,640.00	\$ 4,639.40	\$ 2,670.97	\$ 2,565.60	\$ -	\$ 9,875.97	50.3%	\$ 9,764.03	49.7%	\$ 11,851.16	60.3%	
h3	Optional items	\$ 108,840.00	\$ 410.00	\$ -	\$ 131.25	\$ -	\$ 541.25	0.5%	\$ 108,298.75	99.5%	\$ 649.50	0.6%	
h = h1 + h2 + h3	Total Consultant Services	\$ 887,830.00	\$ 241,996.47	\$ 222,848.80	\$ 148,677.28	\$ -	\$ 613,522.55	69.1%	\$ 274,307.45	30.9%	\$ 736,227.06	82.9%	Sums figures for subcategories
i	Legal Counsel	\$ 25,000.00	\$ 5,437.58	\$ 6,222.65	\$ 4,025.00	\$ 2,469.11	\$ 18,154.34	72.6%	\$ 6,845.66	27.4%	\$ 21,785.21	87.1%	
j	Annual Report	\$ 5,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ 5,000.00	100.0%	\$ -	0.0%	
k	Council Travel	\$ 500.00	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ 500.00	100.0%	\$ -	0.0%	
l	Public Education	\$ 75,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ 75,000.00	100.0%	\$ -	0.0%	
m	Stretch Code Development (residential)	\$ 15,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ 15,000.00	100.0%	\$ -	0.0%	
n	EERM Website Design Vendor	\$ 30,000.00	\$ -	\$ 4,080.00	\$ -	\$ -	\$ 4,080.00	13.6%	\$ 25,920.00	86.4%	\$ 4,896.00	16.3%	Final payment due at completion of website
o = h + ... + n	Total Expenses from Main Fund	\$ 1,038,330.00	\$ 247,434.05	\$ 233,151.45	\$ 152,702.28	\$ 2,469.11	\$ 635,756.89	61.2%	\$ 402,573.11	38.8%	\$ 762,908.27	73.5%	
Expenses Drawn from Client Fund													
p	Finance Study, Dunsky	\$ 90,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ 90,000.00	100.0%	\$ -	0.0%	Lump sum payment due at completion of study
q	Energy Expo 2017	\$ 40,000.00	\$ 40,000.00	\$ -	\$ -	\$ -	\$ 40,000.00	100.0%	\$ -	0.0%	\$ 40,000.00	100.0%	
r	Stretch Code Development (commercial)	\$ 50,260.00	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	\$ 50,260.00	100.0%	\$ -	0.0%	
s = p + q + r	Total Expenses from Client Fund	\$ 180,260.00	\$ 40,000.00	\$ -	\$ -	\$ -	\$ 40,000.00	22.2%	\$ 140,260.00	77.8%	\$ 40,000.00	22.2%	
t = o + s	Grand Total Expenses	\$ 1,218,590.00	\$ 287,434.05	\$ 233,151.45	\$ 152,702.28	\$ 2,469.11	\$ 675,756.89	55.5%	\$ 542,833.11	44.5%	\$ 802,908.27	65.9%	

NET INCOME												
		Unallocated Funding = Income - Budget	Spending as Percent of Income		Remaining Available Funding = Income - Expenses		Projected End of Year Spending as Percent of income					
u = c - s	Net Funding in Client Fund	\$ 140,151.45	\$ 40,000.00	12.5%	\$ 280,411.45	87.5%	\$ 40,000.00	12.5%				
v = f - o	Net Funding in Main Fund	\$ 82,270.00	\$ 635,756.89	56.7%	\$ 484,843.11	43.3%	\$ 762,908.27	68.1%				
w = u + v	Total Net Funding	\$ 222,421.45	\$ 675,756.89	46.9%	\$ 765,254.56	53.1%	\$ 802,908.27	55.7%				

The Rhode Island Energy Efficiency and Resource Management Council

Voting Members

Mr. Christopher Powell, Chair
Mr. Joseph Cirillo
Mr. H. Robert Bacon
Mr. Anthony L. Hubbard
Mr. Thomas Magliocchetti
Mr. Shigeru Osada
Ms. Elizabeth Stubblefield Loucks
Ms. Karen Verrengia
Ms. Diane Williamson

Non-Voting Members

Carol Grant, Executive Director
Ms. Roberta Fagan
Ms. Jennifer Hutchinson
Mr. Michael McAteer

October 18, 2017

VIA ELECTRONIC MAIL AND HAND DELIVERY

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

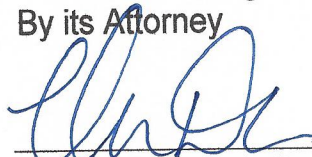
RE: Docket #4684 - Responses to PUC Data Request, Set 1: 2018-2020 Energy Efficiency and System Reliability Procurement Plan

Dear Luly,

The Energy Efficiency and Resource Management Council is pleased to submit this cover letter and attached responses to the Public Utility Commission's first set of data requests in the above-referenced docket.

Please do not hesitate to contact me if you have any questions in this regard.

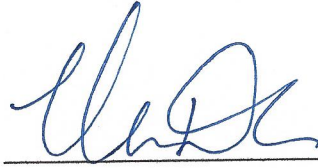
Respectfully submitted,
Rhode Island Energy Efficiency
Resource Management Council
By its Attorney



Marisa Desautel, Esq. (Bar #7556)
Law Office of Marisa Desautel, LLC
55 Pine St., 4th Floor
Providence, RI 02903
Tel: (401) 477-0023

CERTIFICATION

I hereby certify that I filed an original and nine (9) copies of the within Response and sent a true copy, via electronic mail, on this 18th day of October, 2017, to the Service List for Docket #4684.



PUC 1-1

Request:

When conducting the cost-effective analysis using the TRC and the RI Test for program year 2018 of the Three-Year Plan, please provide the following inputs:

- a. What was the 2018 electric budget? Does this amount exceed the budget cap established in 2017- H 5175 Sub Aaa, Budget Article I Sub Aaa, Section 17? If yes, please explain why the input was used in the benefit cost analysis. If no, please explain why not.
- b. What was the 2018 gas budget?

Response:

a. The 2018 electric budget, as reported in the Final Electric Funding Plan, is approximately \$103 million: \$96.6 million in implementation costs and \$6.4 million in expenses and target performance incentive. This amount exceeds the budget cap established in 2017 – H 5175, because the Three-Year Plan aims to illustrate the strategies that National Grid can take to save energy and deliver economic benefits to the state. Therefore, it does not limit the delivery of energy efficiency in 2018 due to the budget cap. The budget cap will be addressed in the 2018 Annual Plan.

b. The 2018 gas budget, as reported in the Final Electric Funding Plan, is approximately \$29.4 million: \$27.4 million in implementation costs and \$2.0 million in expenses and target performance incentive.

PUC 1-2

Request:

Did the EERMC's analysis account for the \$12.5 million transfer from the 2018 Energy Efficiency Budget to the State General Fund pursuant to 2017- H 5175 Sub Aaa, Budget Article I Sub Aaa, Section 17? If yes, please explain. If no, please explain why not

Response:

The cost-effectiveness results summarized on page 5 of the EERMC's Cost-Effectiveness Report dated 22 September 2017 do not include the \$12.5 million transfer to the General Fund. The costs included in both the TRC and RI Tests are program implementation, customer contribution, expenses, and the target performance incentives. It would be inappropriate to include the transfer to the General Fund in the assessment of whether or not the energy efficiency programs provide economic benefits to the state, because those funds are not in any way a result of implementing the energy efficiency programs.



STATE OF RHODE ISLAND

ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

Final 2018 Annual EE & SRP Plan

Overview & Recommendations

Presented By: The Consultant Team

Date: October 19, 2017



2018 Annual Plan

- Due annually on November 1
- N-Grid is responsible for drafting/filing
 - Review and input from EERMC, C-Team, OER, and Collaborative
- **TODAY: EERMC vote to approve the 2018 annual plan**
- November 16: EERMC vote to approve cost-effectiveness report on annual plan

Residential Program Plans

C&I Program Plans

System Reliability Plan

M&V Plans

2018 Savings Targets

2018 Budgets



Key Updates Since First Draft

- Overall changes from first draft:
 - Reduced budgets and savings due to budget cap
 - Refined calculation of cost of EE vs. cost of supply
 - Removed proposal for midyear rate adjustment
- SRP:
 - Ongoing discussions between OER, Division, EERMC, and National Grid have resulted in a number of modifications, including to the performance incentive framework



Key Updates Since First Draft

- Residential:
 - Enhanced description of air source heat pump offering
 - Zero energy path in the new construction program
 - Research on customer preferences for bundled packages of solar, storage, and EVs
- Commercial:
 - Expanded content on C&I financing and collaboration with RIIB



Budget Cap Overview

- State budget included a provision that “2018 program year plans total budget shall not exceed the commission-approved total budget for [2017]”
- Required a \$10M+ budget reduction compared to first draft of annual plan
- Core principles to determine budget cuts:
 - Make reductions equitably across sectors
 - Preserve innovation focus through R&D and pilots
 - Avoid reducing services to low-income people
 - Avoid market disruptions from stopping programs



Budget Cap Impacts

- RI electric customers must purchase 3,612 MWh more electricity in 2018 at more than double the cost of efficiency
- Financing:
 - Reduced need for C&I On-Bill Repayment fund injection from \$4M to \$2M
 - Provide capital for C&I OBR and Residential Capital Good Fund in 2017 rather than 2018



Planned Savings & Budget Comparisons

Program	Annual MWh Savings	Compared to 2018 in 3YR Plan	Compared to 1 st Draft 2018 Plan
Small Business Direct Install	9,940	440	-
Large Commercial New Construction	13,959	1,811	(569)
Large Commercial Retrofit	75,616	4,626	(3,053)
C&I Total	99,515	6,878	(3,622)
Single Family – Income Eligible	4,185	-	-
Income Eligible Multifamily	3,287	-	-
Income Eligible Total	7,472	-	-
Residential New Construction	619	-	-
ENERGY STAR HVAC	2,091	27	27
EnergyWise	6,157	(17)	(17)
EnergyWise Multifamily	4,207	-	-
Home Energy Reports	25,054	-	-
ENERGY STAR Lighting	38,891	-	-
Residential Consumer Products	2,849	-	-
Residential Total	79,868	10	10
Portfolio Total	186,855	6,888	(3,612)

Program Implementation Budget (\$000)	Compared to 2018 in 3YR Plan	Compared to 1 st Draft 2018 Plan
\$6,910	\$ (79)	\$ (34)
\$6,106	\$ (145)	\$ (297)
\$23,987	\$ (1,822)	\$ (1,483)
\$37,003	\$ (2,046)	\$ (1,813)
\$9,315	\$ (114)	\$ (45)
\$2,553	\$ 28	\$ (8)
\$11,868	\$ (86)	\$ (53)
\$763	\$ (54)	\$ (9)
\$2,205	\$ (21)	\$ (11)
\$14,901	\$ (2,537)	\$ (2,318)
\$3,058	\$ (228)	\$ (215)
\$2,624	\$ (61)	\$ (26)
\$6,752	\$ (1,423)	\$ (1,307)
\$1,830	\$ 47	\$ (7)
\$32,133	\$ (4,277)	\$ (3,892)
\$81,003	\$ (6,409)	\$ (5,759)



Budget Cap Impacts

- Residential: weatherization for oil customers
 - Incentives at 50% of project cost rather than the 75% originally proposed in First draft. Still higher than 25% offered in past
 - Commitment to review overall EnergyWise incentive levels for 2019 and achieve incentive parity with natural gas customers
- C&I: across-the-board reductions
 - Minor trims to incentive levels & pilots
 - Slowed launch of new programs
 - Focus on maintaining market momentum



Planned Savings & Budget Comparisons (cont.)

C&I takes a hit on savings and budget allocation

Sector	Annual MWh Savings	Compared to 2018 3YR Plan	Compared to 1 st Draft of 2018 Plan
C&I Total	99,515	7.4%	3.5%
Income Eligible Total	7,472	0.0%	0.0%
Residential Total	79,868	0.0%	0.0%
Portfolio Total	186,855	3.8%	1.9%

Program Implementation Budget (\$000)	Compared to 2018 in 3YR Plan	Compared to 1 st Draft 2018 Plan
\$37,003	5.2%	4.7%
\$11,868	0.7%	0.4%
\$32,133	11.7%	10.8%
\$81,003	7.3%	6.6%

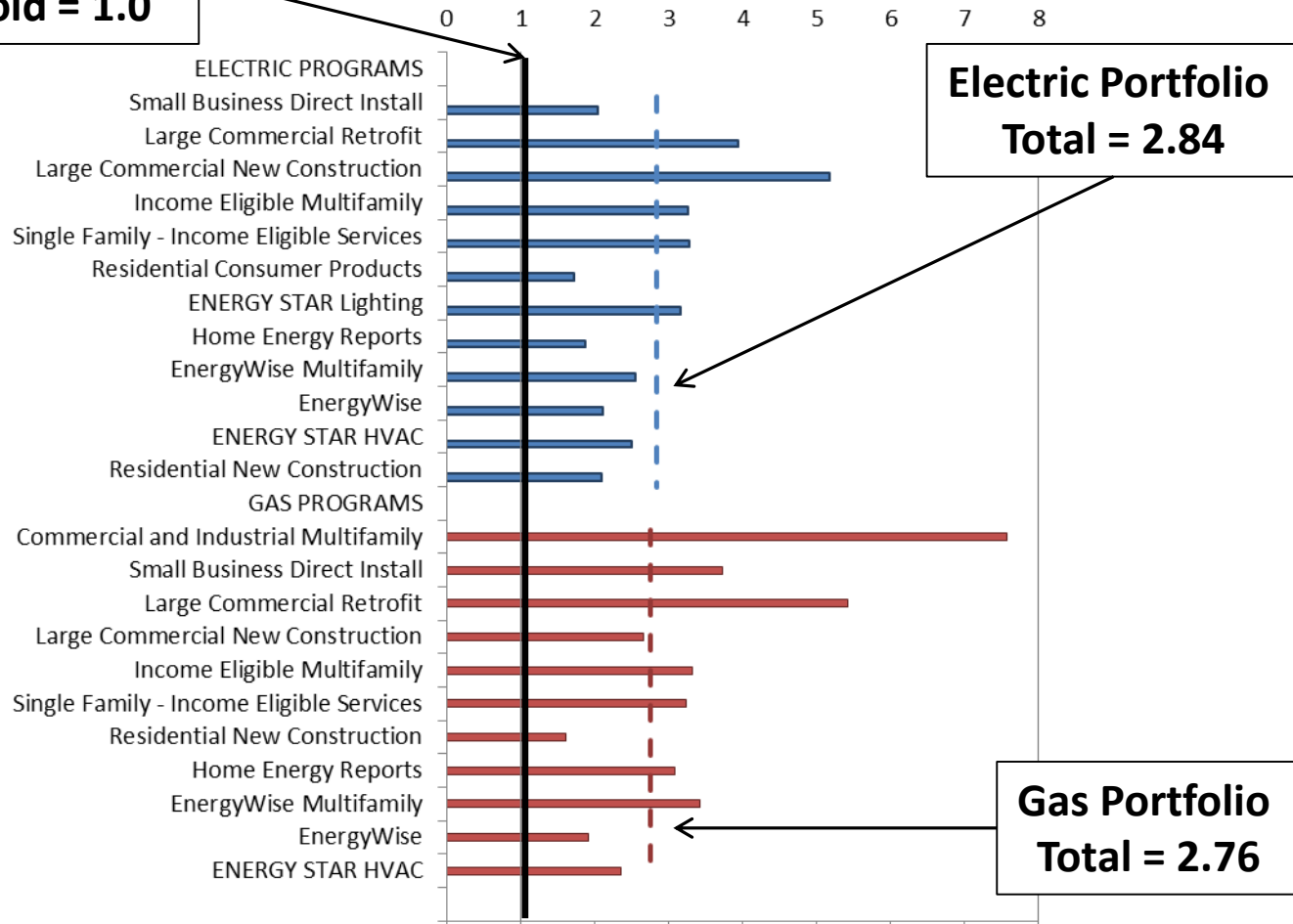
Residential takes a hit on budget allocation but maintains savings



RI Cost Test BCRs by Program

**Cost-Effectiveness
Threshold = 1.0**

RI Cost Test Benefit Cost Ratios





2018 SRP Annual Plan

- No new investments targeted for NWA this year.
- Begin Little Compton battery storage project
 - Could a longer contract term reduce costs?
 - Could a larger project indefinitely defer the need for an upgrade?
- Create tools to share information about the grid and empower customers, stakeholders, and third parties to best locate DERs to support the grid and speed interconnection.

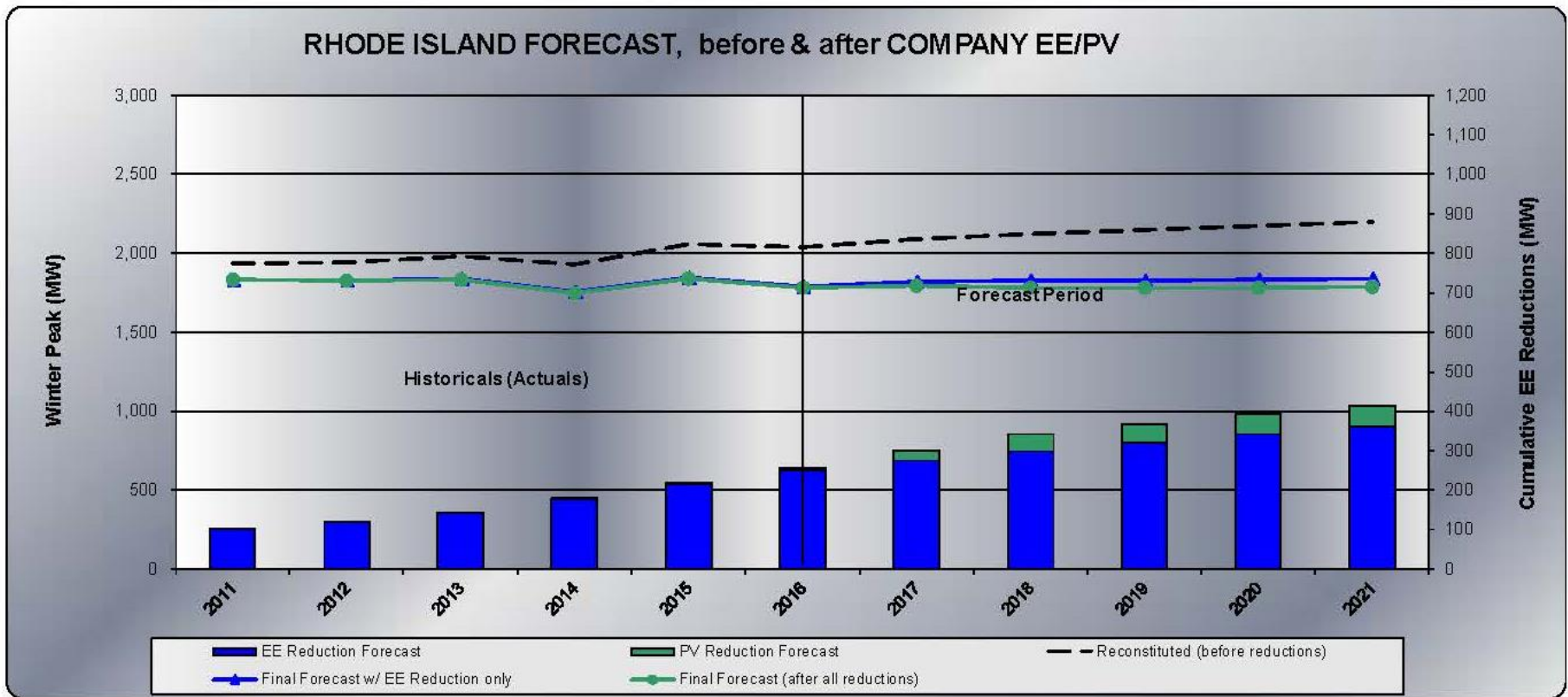


2018 SRP Annual Plan

- Tools include:
 - Load constraint map
 - Map of DG readiness and planned DG upgrades
 - Set of avoided costs by substation, based on RI Test
- Use of tools supported by customer engagement effort to spread awareness of tools and RFPs for NWA resources
- Earnings based on satisfactory completion of tool milestones (6% of budget) and shared savings



Long-Term Electric Peak Forecast: Impact of EE and PV





Recommendation

- C-Team recommends that the **EERMC vote to approve the 2018 annual plan as presented**
- Savings are reduced from the first draft due to the budget cap, but are still higher than the levels of 2018 electric and gas savings in the 3-year plan
- Budget cap reductions are a reasonable balance across sectors and preserve commitment to energy security and innovation
- The plan maintains Rhode Island's national leadership and delivers robust, cost-effective energy savings
- The plan includes a strong focus on innovation and pilots to position EE and SRP programs for the future

MEMORANDUM

TO: EERMC
FROM: MARISA DESAUTEL, ESQ.
SUBJECT: LANGUAGE CHANGE WITHIN THE 2018 ANNUAL PLAN
DATE: OCTOBER 19, 2017

This Memorandum is prepared in response to a request for legal opinion regarding whether the language in the proposed 2018 Plan that the Council will be voting on is appropriate. The EERMC is considering two revised methods for: “cost of supply” and “cost of EE programs.”

In preparing this opinion, I reviewed the draft 2018 Plan, the Standards approved by the PUC in July of 2017, and relevant state law. The Least Cost Procurement (“LCP”) law speaks only in terms of LCP including “prudent and reliable” measures to ensure that energy efficiency is less than the cost of supply. §RIGL 39-1-27.7. Also, the PUC-approved Standards require contemplation of the Total Resource Cost Test and the policy objectives of the State, including:

- resource impacts;
- non-energy impacts;
- distribution system impacts, economic development impacts, and;
- the value of greenhouse gas reductions.

It is my understanding that the EERMC has always viewed the cost of supply at the portfolio level, which will remain the same, but that the council is considering the weighted average of the SOS rates across all sectors, instead of just using the residential SOS rate.

This conclusion is supported by both the Standards and state law. The Standards emphasize “consistency” and “comprehensiveness” in evaluating efficiency assessment practices, and require that the council employ symmetry, i.e.: including both costs and benefits for each relevant type of impact. Further, the Standards include a directive to build upon what has been learned to date. The LCP statute is very broad, stating that the council must act in a prudent and reliable manner. The requirements for prudence and reliability are further reflected in the Standards.

Based on the information presented, it is my opinion that the council has acted with transparency through its stakeholder process to arrive at its evolved conclusion to update the methods as outlined above.

Memo



To: RI Energy Efficiency & Resource Management Council
From: Consultant Team *Policy & Strategic Planning Group*
Date: October 18, 2017
Subject: Response to questions from Council member in support of 2018 Plan discussion

CONSULTANT TEAM

<i>Relevance of Topic</i>	Key questions have been raised by a council member, and providing initial responses will help support any ensuing discussion at the October 19 EERMC meeting.
<i>Content of memo</i>	The memo provides responses to a series of questions that were sent by Council member Shigeru Osada to the EERMC on Tuesday morning (10/17), which was also submitted to the Collaborative that day by TEC-RI. The memo seeks to support all Council members' understanding of the issues so that Mr. Osada's queries can be fully addressed.
<i>Expected Outcome</i>	The memo will provide relevant context and appropriate responses, so that Council discussion on this, if desired, can be expedited and reach satisfactory conclusion.

The following presents in order the questions posed and then response from the C-Team:

"1. In the Non-Income residential energy efficiency program the cost is very high as shown in table E-5. The Energy efficiency cost for all segments except Energy-Star Lighting is higher than the newly approved PUC SOS price of 9.5 c/kWh (even after 53 % increase). These costs have also significantly increased from 2017 plan as shown in table E-5 for 2017."

Response: Assuming that this comment refers to the cost per lifetime kWh for non-income eligible residential programs as shown on page 5 of Attachment 5, we note the following:

- The cost of 11.5 cents per kWh includes not only the cost of electric savings, but also the cost of oil savings. This is why, for example, the cost for the EnergyWise (46.2 cents/lifetime kWh) program is relatively high. This program generates over 548,000 MMBtu of energy savings from reduced oil consumption, equivalent to 160,000 MWh, far more than the 39,239 MWh of electric savings.
- The referenced cost includes the customer contribution, but the appropriate comparison to the SOS price is with just the program implementation costs. See response to comment #3, below, for more detail on this issue.
- Whether or not these costs represent an increase from the 2017 Plan is not in itself a relevant criterion for assessing the 2018 Plan.
- If you remove the \$2.7M that was added for oil weatherization in 2018, the non-income eligible budget is actually lower than it was in 2017. The electric savings the Company can claim due to market transformation is lower which increases this cost/kWh.

However, customers still receive the same energy savings for these measures that they did in 2017.

“2. The average for non-income residential cost is 11.5 c/kWh (2017 price was 7.0 c/kWh). It is our opinion that this analysis is financially far off from the original law's intent of least cost procurement, while in docket 4600 both economic benefits and CO2 emissions by definition are inflated.”

Response: The reference to the “intent” of the original least cost procurement law is unclear, as is how it is “financially far off” from it. Since the Plan, as proposed and submitted last Thursday, is cost-effective and less than the cost of supply, it meets the requirements of Least Cost Procurement law. Docket 4600 is a separate regulatory proceeding, and the proposed 2018 Plan is a separate regulatory proceeding with values relevant to the purposes of its filing requirements.

“3. On this final draft, NG has changed the cost comparison method with new interpretation of the law as shown in page 5 in main text (as shown below).”

“Is it appropriate to justify cost efficiency by excluding customer's contribution? If heat-pump air conditioning cost is \$5,000 with NG's incentive of \$800. Is \$800 the number to justify cost efficiency?”

Response: These questions conflate the two different criterion stated in the least cost procurement law. The first requires that efficiency programs be cost-effective. This was previously determined by the use of the Total Resource Cost test and is now determined by the Rhode Island test. Both of these include the customers’ contribution to efficiency measures, because this is the appropriate basis to determine whether or not efficiency programs represent an overall economic benefit to the state of Rhode Island. The second criterion, which is the subject of TEC-RI’s first two comments, requires that efficiency cost less than supply. This criterion represents the perspective of the utility and its mandate to meet customer load at the lowest cost. The procurement of energy efficiency represents the cost to the utility to get customers to participate in its EE programs. It is the implementation costs that get the customer to take the step to invest in EE. Therefore, the appropriate comparison is based on the cost to the utility, or in this case, between the program implementation costs (exclusive of customer contribution) and the standard offer price (SOS) price, which represents the avoidable costs of generation for the utility. These are the two values which the utility compares to determine how to meet customer load at least cost.

“Is it appropriate to compare with just average price while residential energy efficiency cost is higher than supply cost for the first time in the history and C&I cost is relatively low causing average cost to become low?”

Response: No changes were made to using the average price of the EE Plan. This has been done in previous years’ Plans that have been approved by the PUC. In addition, the utility’s cost (not total cost) to procure the EE savings in the residential sector is 9.4 cents/lifetime kWh, which is less than the residential SOS price. The average SOS price, weighted by the lifetime savings by sector, is exactly the correct value against which to compare the entire efficiency portfolio, because it is calculated in the same manner as the cost of EE (i.e., weighted by lifetime savings) and most accurately represents the value of the supply avoided by the efficiency portfolio. The SOS price differs by sector because the sectors have different usage patterns, which translate into different costs.

“Is it appropriate to pick up just highest SOS price in the program's history as supply cost to compare? If you compare average price 6.7 c/kWh with weighted average price by newly approved SOS price, the difference is very small { 7.2 c/kWh in case C&I was represented by industries SOS price {6.44 c/kWh), 8.2 c/kWh if C&I price was used average price of C&I (7.895 c/kWh)).”

Response: The Company is not just picking the highest SOS price. The Company is using the average SOS price across all sectors, weighted by the lifetime savings by sector. The cost of EE is levelized over the lifetime of the measures in the Plan and that is why the Company also levelized the cost of supply over the same timeframe.

“NG's presentation page 8 (next page) that 5.1 c/kWh less than SOS price is in our opinion misleading. It needs to be fully explained in context, in plain language. Relegating this explanation to footnotes is also inappropriate. The funding for this program is coming from all ratepayers. This point should be accurately explained and described in detail!”

Response: We have confirmed that National Grid will consider expanding the explanation as suggested. We also note that, depending on which cost is being referenced, funding is NOT coming from “all ratepayers.” If reference is made to the average 6.7 cents/kWh reported in Table E-5, that value includes customer contributions, which are only borne by participants, not by non-participants. We will endeavor to explain this in more detail.

“4. NG reduced the non-income residential cost when NG was distributing the cut of \$10MM. However, the Energy saving MWh stayed the same (actually a slight increase), which doesn't make sense.

This fact also needs to be further explained indicating how this is possible. This is one of the reasons why the average cost was reduced after cut of \$10MM. If cutting the budget creates cost reduction, why not cut more to justify cost efficiency with a little compromising of CO2 benefit.”

Response: Assuming this comment refers to the reduction in budget from the previously planned value for non-income eligible residential programs, the \$10 million cut was purposely targeted at actions and costs that did not result in lost electric energy savings (kWh). This includes reductions to the budget for oil-heated home weatherization, contribution to financing programs, and evaluation budgets. Furthermore, evaluations completed between the time of the original Plan and this Plan have resulted in changes to claimable savings for several measures. Together, this explains how the budget cut did not result in lower electric energy savings.

“From a devil's advocate point of view: The \$12.5 MM to the state could save high cost energy efficient program in this specific 2018 year plan (historically high cost), consider that the \$12.5 could be used for bridge repair work (not for EE contractor though} yet it is stating that the loss of the \$12.5 MM increased the EE charge by\$ 0.00174.”

Response: The \$12.5 million contribution to the state budget, while collected as part of the existing EE charge, is not related to the implementation of the EE programs in any way. To the extent that the concern is about the effect of the \$12.5 million collection, this comment should be directed to the legislature, who authorized the use of funds collected from electric ratepayers for uses unrelated to energy delivery or National Grid’s operations.

2018 EE Annual Plan Final Draft

nationalgrid



RI EERMC

October 19, 2017

1. Highlight changes from first draft
2. Summarize 2018 Plan
3. Seek Council approval

- The final draft incorporates feedback from:
 - Division of Public Utilities and Carriers
 - OER
 - People's Power & Light
 - RI Housing
 - Acadia Center
 - TEC-RI
 - EERMC C-Team
- Screening models underwent extensive review by C-Team.
- Second draft balances many stakeholder interests while maintaining savings goals, equity, and cost-effectiveness.

- Enhanced description of cold climate heat pump offering.
- Updated energy storage research and development to focus on customer needs and preferences for bundled packages of solar, storage, and EVs research rather than testing a small handful of battery storage units.
- Maintains commitment to delivered fuels:
 - Plan still increases commitment to delivered fuels over 2017.
 - 1,000 more Oil customers will be served in 2018.
 - Independent Insulation Contractors will have more jobs in 2018.
 - Oil Wx can continue to run throughout 2018 at a 50% incentive.

EnergyWise Oil Funding and Savings		
	2017	2018
Incentive Level	20%	50%
Number of Wx Jobs	772	1,779
Total Oil Incentives	\$1,020,908	\$3,800,000
Annual Oil MMBtu Savings	10,108	24,906
Annual CO ² Savings (Tons)	815	2,008

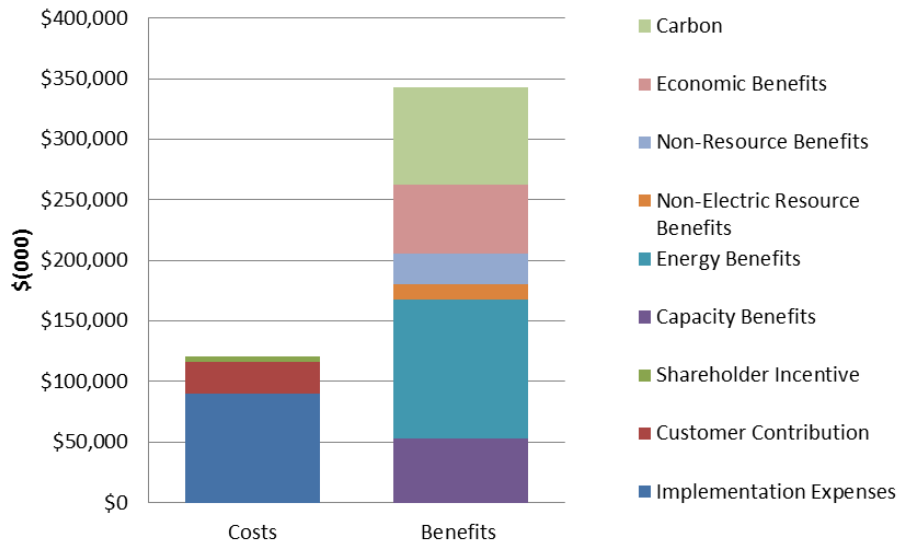
- Updated program strategies to reflect stakeholder feedback.
- Refined finance plans to reflect feedback
 - Fruitful discussions with RIIB led to stronger commitments to future collaboration and clarification around the \$5M transfer to EBF.
 - Reduced injection into Large C&I Fund for On-Bill Repayment by \$2M based on assurances from the settling parties that fund injections in 2019 and 2020 will be sufficient to cover customer commitments and deliver annual goals.
 - Commitment to developing an inventory of financing mechanisms. Intent is to better leverage existing offers and identify gaps.
- In spite of budget cuts the **plan delivers on innovative new technologies**, will **test new solutions** and **go-to market strategies** that will build solutions **for the future**.

Final Draft Overview by the Numbers nationalgrid

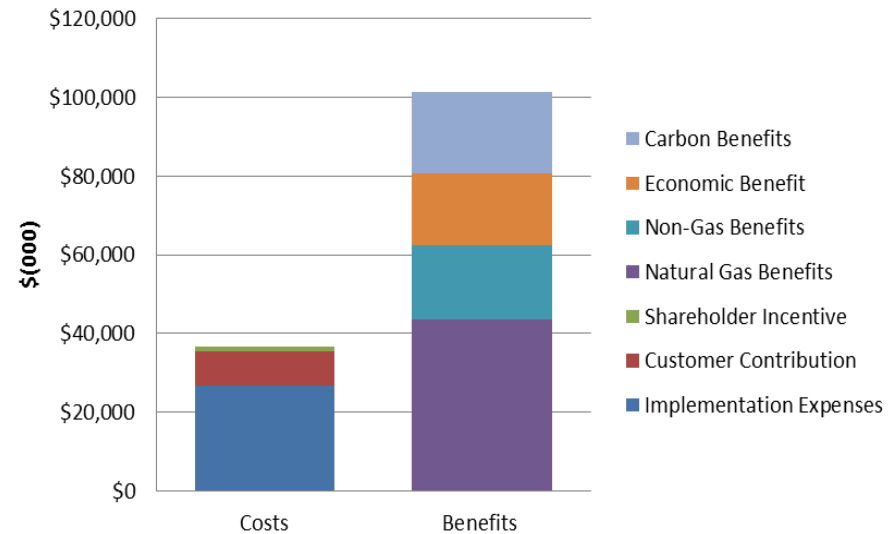
- The 2018 Plan still delivers significant energy savings and benefits.
 - Electric and gas savings are higher than Three-Year Plan:
 - 186,855 Annual MWh (2.5% of 2015 sales)
 - 414,795 Annual MMBtu (1.01% of 2015 sales)
 - These are nation leading savings targets. Only 3 states (RI, MA, VT) in ACEEE 2017 scorecard had savings over 2%.
- Budgets
 - Electric and gas budget capped at 2017 levels
 - Electric charge lower than 2017 Plan – now at \$0.0100
 - Gas charge stable from 2017

- Total benefits of \$443.9 M over the life of the measures.
- Avoids 1.2 million tons of carbon
- Investments in Plan will add \$75.4 M to RI GDP and create 1,107 job-years of employment.

2018 Electric Costs vs Benefits

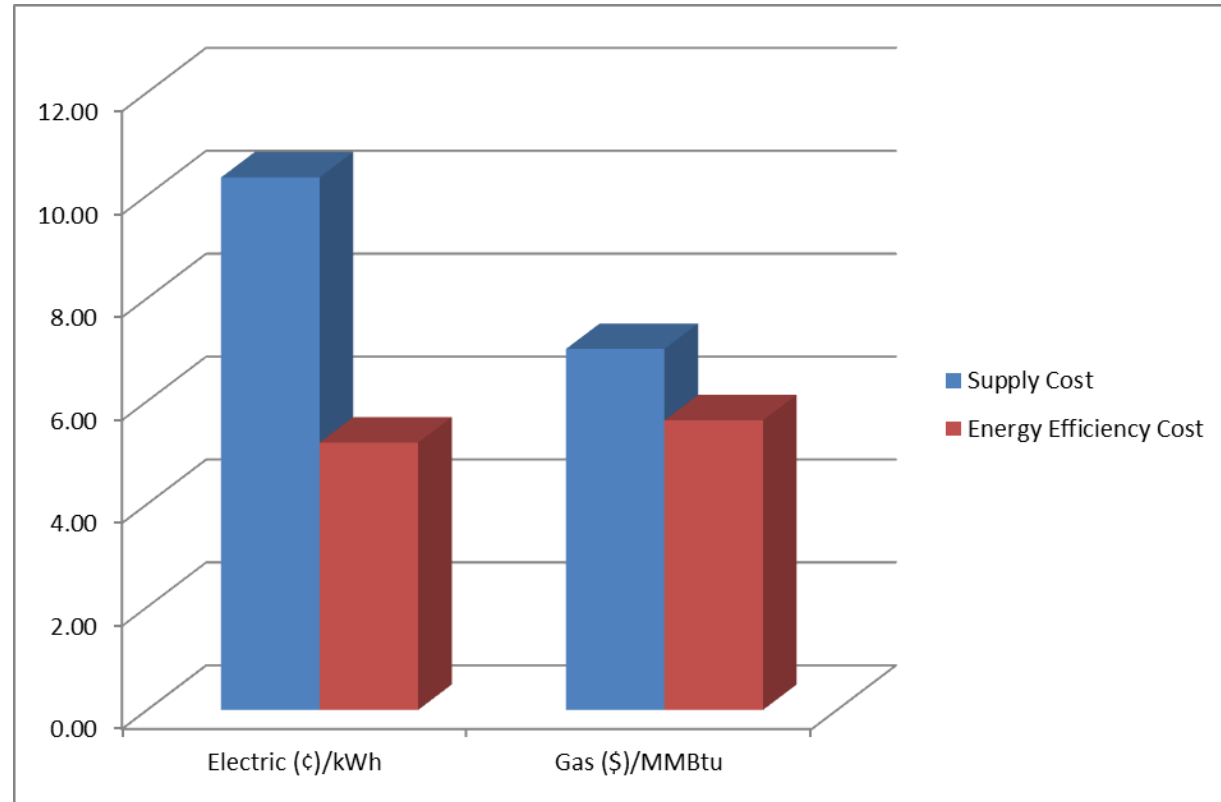


2018 Gas Costs vs Benefits



Final Draft Costs Less than Supply

- Electric EE portfolio costs 5.15 cents less per kWh than the average weighted cost of supply across all sectors.
- Gas EE portfolio costs \$1.39 less per MMBtu than the average weighted cost of supply across all sectors.



- The 2018 Bill Impact analysis finds, **over the lifetime of the programs proposed for 2018, the average Rhode Island customer's bill will be less than if there were no programs.** The average customer's bill combines the impacts of EE participants and non-EE participants.

Customer Segment	Average Customer Savings %	Average Customer Savings \$'s	Average Participant Savings %	Average Participant Savings \$'s
Residential	0.93%	\$22.64	1.24%	\$30.34
Income Eligible	2.53%	\$54.60	6.19%	\$133.51
Small C&I	0.60%	\$46.24	12.60%	\$962.77
Medium C&I	1.30%	\$288.56	10.84%	\$2,410.18
Large C&I	1.69%	\$11,164.62	3.92%	\$19,043.56

- Plan complies with Least-Cost Procurement and the Standards.
- Meets the Three-Year Plan savings targets
- Continues proven strategies while preparing for the future
- Provides savings opportunities to all customer segments
- Cost-effective and less than the cost of supply
- Plan benefits the citizens of Rhode Island
- Supported by members of the RI Collaborative

Feedback and Support

2018 System Reliability Procurement Report

Final Draft
October 19, 2017

Review of NWAs

- 36 distribution projects initiated
- No projects passed initial NWA screening criteria
 - ◆ There may be projects from the Providence Area Study in future years, this will be detailed in future SRP Reports
- Partial solutions
 - ◆ The Company is continuing to review NWA partial solutions

Rhode Island System Data Portal

- Distribution System Loading Constraint Map (Heat Map)
 - ◆ Delivery of initial version by 6/30/2018
- Distributed Generation (DG)-Focused Map
 - ◆ Delivery of initial version by 6/30/2018
 - ◆ Delivery of list of larger substation transformer upgrades by 9/30/2018
 - ◆ Timeline for hosting capacity will be agreed upon by 9/30/2018
- Location-based Avoided Cost Stakeholder Review Process
 - ◆ Documented next steps completed by 8/30/2018
- Issue 2 RFPs by 12/31/2018
- Marketing & Engagement Plan go live by 5/31/2018

Tiverton Pilot – Update on Implementation

➤ Focus in 2017

- ◆ Continue existing incentives for AC, water heating
- ◆ Conduct RFP to find a market-based solution

➤ DR Event Stats

- ◆ 23 DR events called so far (6 in July, 10 in August, 7 in September)
- ◆ 63% participation from central AC customers

Tiverton Pilot – Savings

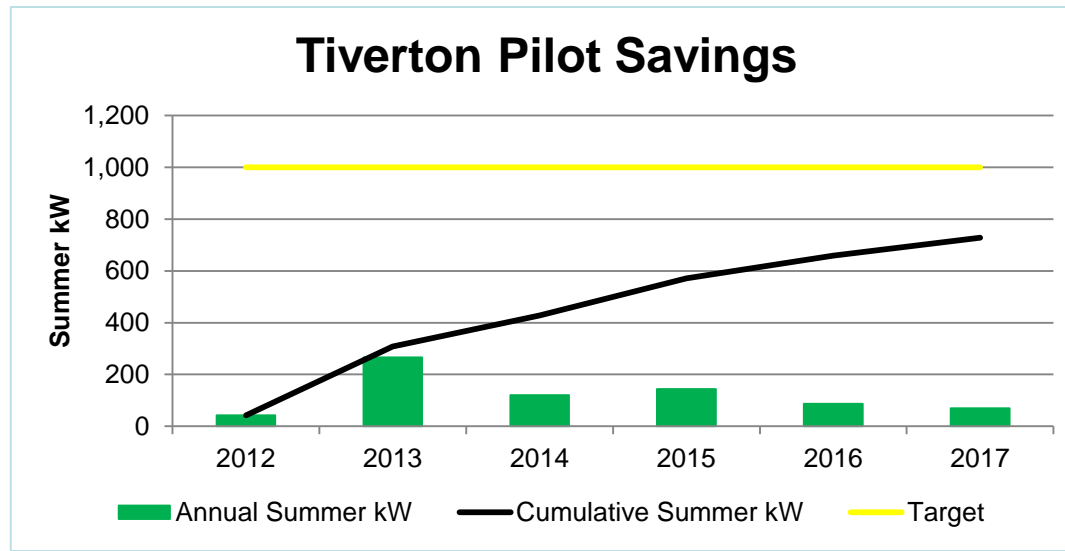


Table S-7
System Reliability Procurement - Tiverton/Little Compton
Potential for Wires Project Deferral at Year Begin

	2012	2013	2014	2015	2016	2017	2018
Cumulative Annual kW from Energy Efficiency			239	342	475	556	612
Focused Energy Efficiency			153	215	325	381	430
SRP Energy Efficiency			86	127	149	175	183
Cumulative Annual kW from Demand Reduction			82	86	97	103	104
Thermostats - Residential			74	75	85	91	92
Thermostats - C&I			3	3	3	3	3
Smart Plugs			4	7	9	9	9
Cumulative Annual kW from RFP							-
Total Cumulative kW Reduction From DemandLink			321	427	572	659	717
Total Cumulative kW Reduction Needed to Defer Wires Project			150	390	630	860	1,000
% Deferral Targets Achieved by DemandLink			214%	110%	91%	77%	72%

Little Compton Battery Storage Project

➤ Background

- ◆ Project proposal to defer substation upgrade until 2022
- ◆ Grew out of Tiverton NWA Pilot, RFP conducted in 2017

➤ Project Plan for 2018

- ◆ Install battery storage system and begin metering evaluation

➤ Load Relief and Funding

- ◆ 250kW of continuous peak load relief for 4 hours
- ◆ The Company proposes \$109,500 to fund this project for each year of operation

Little Compton Battery Storage Project

- The benefit-cost analysis below utilizes the RI Test

RI NWA	Little Compton Battery Storage Project
Total Cost	\$438,000
Total Benefits	\$721,326
Net Benefits	\$283,326
Project BC Ratio	1.65

- Please Note: The total cost in this table is a four-year amount. The 2018 SRP Report requests funding only for the first year.

SRP Incentive Mechanism Proposal

➤ Action-Based SRP Incentives

Action	% of 2018 SRP Budget
Distribution System Loading Map	1%
DG Focused Map	1%
Avoided Cost Stakeholder Review Process	1%
Marketing & Engagement Plan	1%
Issue RFPs for NWA Resources	2%

➤ Savings-Based SRP Incentives

- ◆ DERs must be deemed cost-effective to earn SRP incentive.
- ◆ Net benefits of the DERs will be shared 20% to the Company and 80% to customers.

SRP 2018 Proposed Budget

SRP Initiative	Cost
RI System Data Portal	\$80,000
Marketing & Engagement Plan	\$124,800
Tiverton Pilot Evaluation	\$85,000
Little Compton Battery Storage	\$109,500
Total	\$399,300

- The 2018 proposed budget has been developed consistent with the requirement to cap the budget at the amount approved in the 2017 SRP Report.

SRP 2018 Funding Request

Table S-1 National Grid System Reliability Procurement Funding Sources \$(000)	
	2018
(1) 2018 SRP Budget	\$399.3
(2) Projected Year-End Fund Balance and Interest:	\$322.3
(3) Customer Funding Required:	\$77.0
(4) Forecasted kWh Sales:	7,292,198,600
(5) Additional SRP Funding Needed per kWh:	\$0.00000
(6) Proposed Energy Efficiency Program charge in EEPP	\$0.01000
(7) Proposed Total Energy Efficiency Program charge in EEPP	\$0.01000
(8) Proposed Total Energy Efficiency Program charge w/ Uncollectible Recovery	

QUESTIONS

Comparison to 2017/First Draft 2018/Final Draft 2018

	2017 EE Plan			2018 EE Plan 1st Draft			2018 EE Plan Final Draft			Delta Between 2018 1st and Final Draft		
	Annual Energy Savings (MWh)	Annual Oil Savings (MMBtu)	Budget	Annual Energy Savings (MWh)	Annual Oil Savings (MMBtu)	Budget	Annual Energy Savings (MWh)	Annual Oil Savings (MMBtu)	Budget	Annual Energy Savings (MWh)	Annual Oil Savings (MMBtu)	Budget
Non-Income Eligible Residential												
Residential New Construction	1,065		\$1,045.3	619		\$772.7	619		\$763.4	0	0	-\$9.3
ENERGY STAR® HVAC	1,376		\$1,669.5	2,064	2,518	\$2,215.2	2,091	2,717	\$2,204.7	27	199	-\$10.5
EnergyWise	6,545	8,579	\$9,630.0	6,174	31,044	\$17,219.1	6,157	28,566	\$14,900.8	-17	-2,478	-\$2,318.2
EnergyWise Multifamily	3,519	2,442	\$3,443.5	4,207	2,539	\$3,272.2	4,207	838	\$3,057.7	0	-1,701	-\$214.5
Home Energy Reports	26,184		\$2,447.0	25,054		\$2,650.8	25,054		\$2,624.4	0	0	-\$26.4
ENERGY STAR® Lighting	46,856		\$9,412.4	38,891		\$8,058.6	38,891		\$6,752.0	0	0	-\$1,306.6
Residential Consumer Products	4,708		\$2,125.0	2,849		\$1,836.5	2,849	161	\$1,829.6	0	161	-\$6.9
Energy Efficiency Education Programs			\$40.0			\$40.0			\$40.0	0	0	\$0.0
Residential Demonstration and R&D			\$1,179.5			\$922.6			\$922.6	0	0	\$0.0
Community Based Initiatives - Residential			\$270.8			\$156.8			\$163.0	0	0	\$6.2
Comprehensive Marketing - Residential			\$535.4			\$556.7			\$556.7	0	0	\$0.0
Residential SUBTOTAL	90,254	11,021	\$31,798.4	79,858	36,101	\$37,701.2	79,868	32,282	\$33,815.0	10	-3,819	-\$3,886.3
										0	0	\$0.0
Income Eligible Residential										0	0	\$0.0
Single Family - Income Eligible Services	4,350	15,768	\$9,268.1	4,185	17,346	\$9,360.1	4,185	17,346	\$9,315.0	0	0	-\$45.0
Income Eligible Multifamily	2,726	1,656	\$2,708.4	3,287	1,689	\$2,561.5	3,287	1,689	\$2,553.2	0	0	-\$8.2
Income Eligible SUBTOTAL	7,076	17,424	\$11,976.5	7,472	19,035	\$11,921.5	7,472	19,035	\$11,868.3	0	0	-\$53.3
Commercial & Industrial												
Large Commercial New Construction	14,270		\$5,121.4	14,528		\$6,402.3	13,959		\$6,105.7	-569	0	-\$296.7
Large Commercial Retrofit	77,611		\$23,708.4	78,669		\$25,469.4	75,616		\$23,986.6	-3,053	0	-\$1,482.7
Small Business Direct Install	12,136		\$8,831.4	9,940		\$6,944.1	9,940		\$6,910.2	0	0	-\$33.9
Community Based Initiatives - C&I			\$0.0			\$39.2			\$40.9	0	0	\$1.7
Commercial Demonstration and R&D			\$874.4			\$1,234.5			\$993.8	0	0	-\$240.8
Finance Costs			\$1,300.0			\$4,000.0			\$0.0	0	0	-\$4,000.0
RI Infrastructure Bank			\$4,900.0			\$5,000.0			\$5,000.0	0	0	\$0.0
C&I SUBTOTAL	104,017		\$44,735.6	103,138		\$49,089.6	99,515		\$43,037.2	-3,622	0	-\$6,052.4
										0	0	\$0.0
Regulatory										0	0	\$0.0
EERMC			\$816.3			\$812.0			\$706.1	0	0	-\$106.0
OER			\$816.3			\$812.0			\$706.1	0	0	-\$106.0
Subtotal Regulatory			\$1,632.5			\$1,624.1			\$1,412.1	0	0	-\$212.0
										0	0	\$0.0
OTHER EXPENSE ITEMS										0	0	\$0.0
Company Incentive			\$4,425.5			\$4,935.6			\$4,436.0	0	0	-\$499.6
TOTAL	201,347	28,445	\$94,568.6	190,468	55,136	\$105,272.1	186,855	51,317	\$94,568.6	-3,612	-3,819	-\$10,703.5



STATE OF RHODE ISLAND
**ENERGY EFFICIENCY &
 RESOURCE MANAGEMENT COUNCIL**

PUBLIC COMMENT SIGN-UP: October 19, 2017

Please note that all public comments shall be limited to two (2) minutes per person/affiliation

	NAME	AFFILIATION	Please indicate your comment category with a X	
			2018 EE/SRP Comments	Other Comments
1	Erka Niedowski	Acadia Center	X	
2	Jonathan Ernst Schrag	DPUC	X	
3	Erka Niedowski		X	
4	Brigid Ryan	RI Housing	X	
5				
6				
7				
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10				
11				
12				

October 17, 2017

Statement from the Division of Public Utilities and Carriers on National Grid's 2018 System Reliability Procurement Plan

The Division of Public Utilities and Carriers supports the 2018 System Reliability Procurement Plan. We appreciate National Grid's coordination with various stakeholders over the past few months to transform System Reliability Procurement in 2018. This Plan reflects a new direction for non-wires alternatives, and will allow third parties greater visibility into the distribution system. In particular, this plan includes:

- A shift from a project-based to an information-based approach;
- A commitment to transparency through the development of a data portal and public dissemination of maps, distributed energy resource (DER) avoided costs, and other relevant distribution grid information;
- A marketing and engagement plan to encourage third-party participation and input;
- An issuance of two new requests for proposals from third-party developers to spur action and innovation; and,
- An incentive mechanism that supports Company achievement of specific near-term planning milestones and a sharing of long-term cost savings between the Company and its customers.

There is more work to be done and more details to be worked out. We look forward to continuing our discussions with the Company to further improve System Reliability Procurement going forward, including:

- Gaining further clarity and transparency on the NWA project screening process and results;
- Ensuring consideration of all the costs and benefits of projects, including the cost-effectiveness of delaying versus avoiding projects;
- Understanding the RFP response evaluation and selection process; and,
- Ensuring information exchange and interaction between the Infrastructure, Safety and Reliability Planning and System Reliability Procurement Planning processes.



Energy Efficiency Resource Management Council
One Capitol Hill
Providence, Rhode Island 02908

October 19th, 2017

Re: Support 2017 Annual Energy Efficiency Plan

Dear Council Members,

Thank you for the opportunity to provide comment on the 2018 Annual Energy Efficiency Plan and System Reliability Procurement Plan. People's Power & Light (PP&L) is an active participant on the Rhode Island Energy Efficiency Collaborative and a dedicated advocate on clean energy policies and programs. We have the following considerations regarding the 2018 Annual Plan.

Rhode Island Test: Regarding the implementation of the Rhode Island Test, for years, People's Power & Light has consistently made the point to the Collaborative, to the Council, and to the Public Utilities Commission that the Total Resource Cost Test fails to capture the many real benefits that energy efficiency brings to Rhode Island. We are pleased that the 2018 Annual Plan integrates the Rhode Island Test and properly accounts for avoided carbon dioxide emissions. Integrating the test helps align the energy plans with Rhode Island's emissions reductions targets and resiliency goals.

Savings Targets: We are pleased that the savings targets for gas and electric have increased since the Three Year Plan. The increase of lifetime savings from 1,712,064 to 1,735,472 lifetime MWh and from 4,552,056 to 4,756,052 lifetime MMBtu is noteworthy. It correlates to a stronger benefit-cost ratio overall compared to the Three Year Plan, and more affordable energy in the long-term. This is good for ratepayers and good for our energy system.

Implications of a budget cap and program scoop: As we have stated in our comments for the Three Year Plan, People's Power & Light maintains that we have an obligation to educate readers of the plan about the importance of energy efficiency and the least cost procurement mandate. The 2017 scoop of efficiency funds by the RI General Assembly was bad public policy and a disservice to ratepayers. We appreciate that National Grid integrated our recommendation to elevate the issue to the executive summary of the Plan and included clarification of the changes throughout other areas of the Plan. The removal of efficiency funds has real economic and environmental consequences. This program year will unfortunately suffer lost savings and a slight increase of the SBC.

Commitment to Least Cost Procurement: An investment in efficiency prevents more expensive energy costs and infrastructure upgrades later on. People's Power & Light would like to emphasize that we appreciate the analysis that has gone into these programs to ensure the measures are cheaper than the cost of supply and demonstrate real benefits to ratepayers and the energy system. We are committed to defending the principles of least cost procurement as it continues to serve Rhode Islanders well. And we state for the record that this plan DOES NOT procure all the energy savings costing less than supply.

Residential Program: PP&L is disappointed that the incentives offered to heating oil customers are not quite at parity with the electric and gas customers. As we have learned from past plans, incentives levels indeed impact how customers will respond. A customer that heats with oil today may in the future heat with natural gas or a heat pump. Improving the efficiency and weatherization of heating oil consumers also helps Rhode Island maintain its position as a national leader in energy efficiency. However, we are pleased that this year's incentive level is an improvement over the past year and that many more heating oil customers will be served.

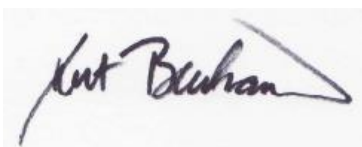
In regards to equity, PP&L appreciates that the Company has convened a focus group to learn how to better serve income eligible and moderate income residents and plans to study the issue further. However, we would like to see better roll-out of offerings for these residents. Additional collaboration with local CAP agencies and consumer groups will help reach moderate income customers. Efficiency is a usual tool to help consumers manage their energy costs and those customers stand to gain significantly from these programs.

Commercial & Industrial Programs: The program could serve many more small businesses and nonprofits than it currently does. Right now the Company is aiming to earn 12,316 kW of demand reduction and 78,669 MWh of Annual Savings, as well as 3,059 Annual MMBtu savings as part of the Small Business Direct Install. That is a good first step, but People's Power & Light would like to see a commitment to additional savings. The small business sector is often overlooked and underserved; there are many small businesses in Rhode Island that are primed to participate in the efficiency programs and will garner greater cost-effective savings over the costs of purchasing supply. We understand that some opportunities are limited because of the budget cap.

System Reliability Plan: The Little Compton Battery Storage Project to provide peak load relief is an exciting opportunity. People's Power & Light is pleased this is included in the scope of the 2018 Plan and we look forward to the results of the pilot to help with summer peak demand. We would like to see an ongoing commitment to research and integrate storage technologies to help Rhode Island's electric grid transition into becoming dynamic, reliable, and better suited to integrate distributed generation. We are interested to see efforts expand to also further reduce winter peaks.

Despite the dramatic loss of savings and benefits from the legislative budget scoop and budget cap, this annual plan will serve Rhode Islanders effectively. It will also help our state reduce polluting emissions while growing our local clean energy economy. We respectfully ask the Council to support the 2017 Energy Efficiency Annual Plan.

Thank you.

A handwritten signature in black ink that reads "Kat Burnham". The signature is written in a cursive style and is positioned above a horizontal line.

Kat Burnham
Energy Programs Manager
People's Power & Light
401-861-6111 x202
kat@ripower.org

October 3, 2017

BY ELECTRONIC MAIL

Chris Powell, EERMC Chairperson
Brown University
Box 1941
295 Lloyd Ave.
Providence, RI 02912

RE: **Docket 4654 – The Narragansett Electric Company**
2017 Energy Efficiency Program Plan
Transfer of Funds Request

Dear Chairman Powell:

On behalf of National Grid¹ and pursuant to Sections IV.C.2 of the Energy Efficiency Program Plan For 2017 Settlement of the Parties (2017 Plan) approved in Docket 4654, the Company requests the Energy Efficiency Resources Management Council's (EERMC) approval of a transfer from the Non-Income Eligible Sector to the Commercial and Industrial (C&I) Sector that represents 5.4% of the originating sector's budget. The Company requests a response from the Council or its representatives as soon as possible due to the impact this transfer will have on finalizing the 2018 Energy Efficiency Program Plan. The Company is simultaneously requesting the Rhode Island Division of Public Utilities and Carriers' (Division) approval of this transfer request.

Specifically, the Company is requesting the Council's approval of a transfer of \$1,800,000 from the Non-Income Eligible Sector's ENERGY STAR® Lighting program budget to the commercial and industrial (C&I) sector Finance Cost budget. This transfer represents 19.1% of the ENERGY STAR® Lighting program's original budget, illustrated in the 2017 Plan, Attachment 5, Table E-2.

The ENERGY STAR® Lighting program is seeing enormous cost efficiencies this year due to the continued transformation of the lighting market. The decrease in LED prices occurred faster than anticipated when the ENERGY STAR® Lighting program's budget was planned in 2016. The Company planned the 2017 ENERGY STAR® Lighting program incentives using the actual average incentive in the market at the time. However, there was a rapid price decrease when the ENERGY STAR® specification for 15,000 hour lamp was introduced in late 2016. The Company began offering incentives for this product and the product created competition for other lamps, lowering the cost of many different types of

¹ The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

October 3, 2017

Page 2 of 2

LEDs. In 2018, the Company is prospectively planning and anticipates that these upstream lighting incentives will continue to decrease. Consequently, the ENERGY STAR® Lighting program's 2018 budget will be significantly lower than it was in 2017.

Transferring \$1,800,000 from the Non-Income Eligible Sector's ENERGY STAR® Lighting program budget to the C&I sector Finance Cost budget will enable the Company to increase funds into the Large C&I Revolving Loan Fund. This transfer will also enable the Company to offer on-bill financing for large customers in 2018 in order to meet the energy savings targets.

Attached are revised 2017 Electric Energy Efficiency Program Tables that illustrate the proposed budget transfer. Changes are highlighted in yellow. Pursuant to Sections IV.C.5 of the 2017 Plan, the Company has not adjusted the total goals or total shareholder incentive amount. The Company has updated the program budgets and sector totals. The total goals and total target incentive remain the same, as approved in Docket 4654.

As outlined in Sections IV.C.1 of the 2017 Plan, the Company will reflect the proposed transfers in its Third Quarter Report for the 2017 Plan, which the Company will present to the Council in November, 2017. The Company has made other transfers between programs within the same sectors to manage the 2017 budget and will also include these transfers in the Third Quarter Report. The Company will also reflect the transfers in the Year End Report, which it will submit to the PUC in May 2018.

Thank you for your attention to this filing. If you have any questions, please contact me at (781)-907-2121.

Very truly yours,



Raquel Webster

cc: Jon Hagopian, Esq.
Steve Scialabba, Division
Carol Grant, OER
Becca Trietch, OER
Marisa Desautel, Esq., EERMC

Table E-1
National Grid
Electric DSM Funding Sources in 2017 by Sector
\$(000)

	<u>Projections by Sector</u>			Total
	Income Eligible Residential	Non-Income Eligible Residential	Commercial & Industrial	
(1) Projected Budget (from E-2):	\$12,636.06	\$32,106.68	\$49,825.85	\$94,568.59
Sources of Other Funding:				
(2) Projected DSM Commitments at Year-End 2017:	\$0.00	\$0.00	\$0.00	\$0.00
(3) Projected Year-End 2017 Fund Balance and Interest:	\$0.00	(\$2,677.64)	\$0.00	(\$2,677.64)
(4) Projected FCM Payments from ISO-NE:	\$447.40	\$4,483.40	\$7,101.00	\$12,031.84
(5) Projected RGGI Payments:	\$74.70	\$748.80	\$1,185.90	\$2,009.45
(6) Total Other Funding:	\$522.10	\$2,554.56	\$8,286.90	\$11,363.65
(7) Customer Funding Required:	\$12,113.96	\$29,552.11	\$41,538.95	\$83,204.93
(8) Forecasted kWh Sales:	279,047,785	2,796,094,708	4,428,550,287	7,503,692,780
(9) Energy Efficiency Program charge per kWh, excluding uncollectible recovery:				\$0.01108
(10) Proposed System Reliability Factor per kWh, excluding uncollectible recovery:				<u>\$0.00002</u>
(11) Total Proposed Energy Efficiency Charge per kWh, excluding uncollectible recovery:				\$0.01110
(12) Currently Effective Uncollectible Rate				1.25%
(13) Energy Efficiency Program charge per kWh, including uncollectible recovery:				\$0.01124
(14) Currently Effective EE Charge				<u>\$0.01077</u>
(15) Proposed Adjustment to Reflect Fully Reconciling Funding Mechanism				\$0.00047

Notes:

- (1) Projected Budget from E-2 includes OER and EERMC costs allocated to each sector based on forecasted sales and RIIB costs allocated to C&I sector.
- (2) DSM Commitments are projects that are under construction with anticipated completion in 2017.
- (3) Fund balance projections include projected revenue and spend through year end with Low Income sector set to \$0 through projected subsidization from other sectors, minus commitments which are illustrated separately on line (3).
- (4) & (5) The total projection of FCM and RGGI revenues are allocated by kWh sales to each sector.
- (5) The Projected RGGI Payments are consistent with the state's 2016-B Plan for the Allocation and Distribution of RGGI Auction proceeds.
- (8) Projected street lighting and sales for resale kWh have been allocated to each sector based on the forecasted of sales in each sector excluding expected street lighting sales.
- (10) Proposed System Reliability Factor is from the 2017 System Reliability Procurement Plan.
- (14) Currently Effective EE Charge includes System Reliability Factor and uncollectible recovery.

Table E-2
National Grid
2017 Electric Energy Efficiency Program Budget (\$000)

	Program Planning & Administration	Marketing	Rebates and Other Customer Incentives	Sales, Technical Assistance & Training	Evaluation & Market Research	Shareholder Incentive	Grand Total
Non-Income Eligible Residential							
Residential New Construction	\$136.1	\$5.9	\$433.6	\$230.6	\$239.2		\$1,045.3
ENERGY STAR® HVAC	\$107.3	\$123.7	\$1,018.0	\$406.2	\$14.4		\$1,669.5
EnergyWise	\$387.9	\$410.0	\$8,650.0	\$35.1	\$146.9		\$9,630.0
EnergyWise Multifamily	\$123.9	\$45.8	\$2,442.1	\$730.3	\$101.4		\$3,443.5
ENERGY STAR® Lighting	\$299.5	\$507.7	\$6,423.8	\$267.1	\$114.4		\$7,612.4
Residential Consumer Products	\$154.5	\$551.4	\$735.0	\$671.5	\$12.7		\$2,125.0
Home Energy Reports	\$113.2	\$13.5	\$2,198.2	\$18.1	\$104.0		\$2,447.0
Energy Efficiency Education Programs	\$0.0	\$40.0	\$0.0	\$0.0	\$0.0		\$40.0
Residential Demonstration and R&D	\$54.6	\$60.9	\$335.5	\$357.0	\$371.5		\$1,179.5
Community Based Initiatives - Residential	\$10.2	\$42.9	\$43.5	\$173.8	\$0.5		\$270.8
Comprehensive Marketing - Residential	\$14.1	\$518.0	\$0.0	\$2.4	\$0.9		\$535.4
Residential Shareholder Incentive	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,499.9	\$1,499.9
Subtotal - Non-Income Eligible Residential	\$1,401.1	\$2,319.7	\$22,279.6	\$2,892.0	\$1,105.9	\$1,499.9	\$31,498.4
Income Eligible Residential							
Single Family - Income Eligible Services	\$362.5	\$155.2	\$6,966.7	\$1,615.2	\$168.4		\$9,268.1
Income Eligible Multifamily	\$116.6	\$12.9	\$2,023.4	\$488.0	\$67.5		\$2,708.4
Income Eligible Shareholder Incentive	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$598.8	\$598.8
Subtotal - Income Eligible Residential	\$479.1	\$168.1	\$8,990.2	\$2,103.2	\$235.9	\$598.8	\$12,575.4
Commercial & Industrial							
Large Commercial New Construction	\$457.4	\$362.1	\$2,936.4	\$1,240.9	\$124.5		\$5,121.4
Large Commercial Retrofit	\$907.2	\$312.7	\$18,218.2	\$3,962.8	\$307.5		\$23,708.4
Small Business Direct Install	\$498.1	\$356.9	\$6,671.1	\$932.5	\$372.9		\$8,831.4
Commercial Demonstration and R&D	\$6.9	\$20.6	\$365.0	\$481.4	\$0.5		\$874.4
Finance Costs	\$0.0	\$0.0	\$3,100.0	\$0.0	\$0.0		\$3,100.0
RI Infrastructure Bank	\$0.0	\$0.0	\$4,900.0	\$0.0	\$0.0		\$4,900.0
Commercial & Industrial Shareholder Incentive	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2,326.8	\$2,326.8
Subtotal - Commercial & Industrial	\$1,869.6	\$1,052.3	\$36,190.7	\$6,617.5	\$805.4	\$2,326.8	\$48,862.4
Regulatory							
OER	\$816.3	\$0.0	\$0.0	\$0.0	\$0.0		\$816.3
EERMC	\$816.3	\$0.0	\$0.0	\$0.0	\$0.0		\$816.3
Subtotal - Regulatory	\$1,632.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,632.5
Grand Total	\$5,382.4	\$3,540.2	\$67,460.5	\$11,612.8	\$2,147.3	\$4,425.5	\$94,568.6
Incremental System Reliability	\$50.0	\$80.0	\$31.2	\$118.1	\$120.0	\$0.0	\$399.3

Notes:

- (1) 2017 Commitments are anticipated to be \$0.
- (2) For more information on Finance Costs, please refer to the 2017 C&I Program Description, Attachment 2.
- (3) OER and EERMC total 2.0% of customers' EE Program Charge collected on Table E-1, minus 2%.
- (4) Incremental System Reliability funds are included for illustrative purposes. They are part of the 2017 System Reliability Procurement Report, filed as a separate docket.

Table E-3
National Grid
Derivation of the 2017 Spending and Implementation Budgets (\$000)

	Proposed 2017 Budget From E-2	Regulatory Costs	Shareholder Incentive	Eligible Sector Spending Budget for Shareholder Incentive on E-9	Implementation Expenses for Cost- Effectiveness on E-5
Non-Income Eligible Residential					
Residential New Construction	\$1,045.3				\$1,045.3
ENERGY STAR® HVAC	\$1,669.5				\$1,669.5
EnergyWise	\$9,630.0				\$9,630.0
EnergyWise Multifamily	\$3,443.5				\$3,443.5
ENERGY STAR® Lighting	\$7,612.4				\$7,612.4
Residential Consumer Products	\$2,125.0				\$2,125.0
Home Energy Reports	\$2,447.0				\$2,447.0
Energy Efficiency Education Programs	\$40.0				\$40.0
Residential Demonstration and R&D	\$1,179.5				\$1,179.5
Community Based Initiatives - Residential	\$270.8				\$270.8
Comprehensive Marketing - Residential	\$535.4				\$535.4
Residential Shareholder Incentive	\$1,499.9		\$1,499.9		\$0.0
Subtotal - Non-Income Eligible Residential	\$31,498.4	\$0.0	\$1,499.9	\$29,998.4	\$29,998.4
Income Eligible Residential					
Single Family - Income Eligible Services	\$9,268.1				\$9,268.1
Income Eligible Multifamily	\$2,708.4				\$2,708.4
Income Eligible Shareholder Incentive	\$598.8		\$598.8		\$0.0
Subtotal - Income Eligible Residential	\$12,575.4	\$0.0	\$598.8	\$11,976.5	\$11,976.5
Commercial & Industrial					
Large Commercial New Construction	\$5,121.4				\$5,121.4
Large Commercial Retrofit	\$23,708.4				\$23,708.4
Small Business Direct Install	\$8,831.4				\$8,831.4
Commercial Demonstration and R&D	\$874.4				\$874.4
Finance Costs	\$3,100.0				\$3,100.0
RI Infrastructure Bank	\$4,900.0				\$4,900.0
Commercial & Industrial Shareholder Incentive	\$2,326.8		\$2,326.8		\$0.0
Subtotal - Commercial & Industrial	\$48,862.4	\$0.0	\$2,326.8	\$46,535.6	\$46,535.6
Regulatory					
OER	\$816.3	\$816.3			\$816.3
EERMC	\$816.3	\$816.3			\$816.3
Subtotal - Regulatory	\$1,632.5	\$1,632.5	\$0.0	\$0.0	\$1,632.5
Grand Total	\$94,568.6	\$1,632.5	\$4,425.5	\$88,510.6	\$90,143.1

Notes:

- (1) Spending budget = Total Budget from E-2 minus Regulatory costs, and shareholder incentive.
- (2) Implementation Expenses = Total Budget from E-2 minus shareholder incentive.

Table E-4
National Grid
Proposed 2017 Budget Compared to Approved 2016 Budget (\$000)

	Proposed Implementation Budget 2017	Approved Implementation Budget 2016	Difference
Non-Income Eligible Residential			
Residential New Construction	\$1,045.3	\$736.9	\$308.4
ENERGY STAR® HVAC	\$1,669.5	\$1,219.0	\$450.5
EnergyWise	\$9,630.0	\$9,007.7	\$622.3
EnergyWise Multifamily	\$3,443.5	\$3,319.1	\$124.3
ENERGY STAR® Lighting	\$7,612.4	\$7,362.1	\$250.4
Residential Consumer Products	\$2,125.0	\$2,085.0	\$40.0
Home Energy Reports	\$2,447.0	\$2,796.7	-\$349.8
Energy Efficiency Education Programs	\$40.0	\$40.1	-\$0.1
Residential Demonstration and R&D	\$1,179.5	\$488.1	\$691.4
Community Based Initiatives - Residential	\$270.8	\$284.4	-\$13.6
Comprehensive Marketing - Residential	\$535.4	\$534.0	\$1.4
Subtotal - Non-Income Eligible Residential	\$29,998.4	\$27,873.1	\$2,125.3
Income Eligible Residential			
Single Family - Income Eligible Services	\$9,268.1	\$8,656.1	\$612.0
Income Eligible Multifamily	\$2,708.4	\$2,531.3	\$177.1
Subtotal - Income Eligible Residential	\$11,976.5	\$11,187.4	\$789.1
Commercial & Industrial			
Large Commercial New Construction	\$5,121.4	\$6,864.1	-\$1,742.7
Large Commercial Retrofit	\$23,708.4	\$22,545.5	\$1,162.9
Small Business Direct Install	\$8,831.4	\$8,745.9	\$85.5
Community Based Initiatives - C&I	\$0.0	\$49.6	-\$49.6
Commercial Demonstration and R&D	\$874.4	\$296.2	\$578.2
Finance Costs	\$3,100.0	\$3,000.0	\$100.0
RI Infrastructure Bank	\$4,900.0	\$1,441.5	\$3,458.5
Subtotal Commercial & Industrial	\$46,535.6	\$42,942.7	\$3,592.9
Regulatory			
EERMC	\$816.3	\$793.1	\$23.2
OER	\$816.3	\$793.1	\$23.2
Subtotal Regulatory	\$1,632.5	\$1,586.2	\$46.3
TOTAL IMPLEMENTATION BUDGET	\$90,143.1	\$83,589.4	\$6,553.6
OTHER EXPENSE ITEMS			
Commitments	\$0.0	\$0.0	\$0.0
Company Incentive	\$4,425.5	\$3,878.1	\$547.4
Subtotal - Other Expense Items	\$4,425.5	\$3,878.1	\$547.4
TOTAL BUDGET	\$94,568.6	\$87,467.5	\$7,101.1

Notes:

- (1) Program Implementation Budget excludes Commitments, Company Incentive; derived on Table E-3
- (2) Total Budget includes Implementation, Commitments; illustrated on Table E-3
- (3) RI Infrastructure Bank expenses are now included as part of Commercial and Industrial expenses. In 2016 these expenses were included in Regulatory but have been moved to Commercial & Industrial for the purposes of this table to show a true comparison.

Table E-5
National Grid
Calculation of 2017 Program Year Cost-Effectiveness
All Dollar Values in (\$000)

	TRC Benefit/ Cost¹	Total Benefit	Program Implementation Expenses²	Customer Contribution	Shareholder Incentive	¢/Lifetime kWh
Non-Income Eligible Residential						
Residential New Construction	1.73	\$ 1,852.2	\$ 1,045.3	\$ 25.0		6.6
ENERGY STAR® HVAC	1.37	\$ 3,060.5	\$ 1,669.5	\$ 569.6		12.4
EnergyWise	1.09	\$ 12,667.4	\$ 9,630.0	\$ 1,968.8		16.6
EnergyWise Multifamily	1.74	\$ 6,913.1	\$ 3,443.5	\$ 538.8		11.1
Home Energy Reports	1.02	\$ 2,504.3	\$ 2,447.0	\$ -		9.3
ENERGY STAR® Lighting	2.21	\$ 29,224.5	\$ 7,612.4	\$ 5,608.8		3.4
Residential Consumer Products	1.26	\$ 3,482.9	\$ 2,125.0	\$ 639.8		8.1
Energy Efficiency Education Programs		\$ -	\$ 40.0	\$ -		
Residential Demonstration and R&D		\$ -	\$ 1,179.5	\$ -		
Community Based Initiatives - Residential		\$ -	\$ 270.8	\$ -		
Comprehensive Marketing - Residential		\$ -	\$ 535.4	\$ -		
n-Income Eligible Residential SUBTOTAL	1.46	\$ 59,704.9	\$ 29,998.4	\$ 9,350.9	\$ 1,589.9	6.6
Income Eligible Residential						
Single Family - Income Eligible Services	3.80	\$ 35,232.6	\$ 9,268.1	\$ -		20.0
Income Eligible Multifamily	2.69	\$ 7,294.1	\$ 2,708.4	\$ -		9.7
Income Eligible Residential SUBTOTAL	3.38	\$ 42,526.7	\$ 11,976.5	\$ -	\$ 598.8	16.1
Commercial & Industrial						
Large Commercial New Construction	4.55	\$ 23,281.0	\$ 5,121.4	\$ -		2.2
Large Commercial Retrofit	2.54	\$ 105,858.8	\$ 23,708.4	\$ 18,010.9		4.1
Small Business Direct Install	1.50	\$ 16,500.4	\$ 8,831.4	\$ 2,172.9		7.6
Commercial Demonstration and R&D		\$ -	\$ 874.4	\$ -		
Finance Costs		\$ -	\$ 3,100			
RI Infrastructure Bank			\$ 4,900			
C&I SUBTOTAL	2.11	\$ 145,640.2	\$ 46,535.6	\$ 20,183.7	\$ 2,236.8	4.8
Regulatory						
OER			\$ 816.3			
EERMC			\$ 816.3			
Regulatory SUBTOTAL			\$ 1,632.5			
TOTAL	2.00	\$ 247,871.8	\$ 90,143.1	\$ 29,534.6	\$ 4,425.5	5.8

Notes:

(1) TRC B/C Test = (Energy + Capacity + Resource Benefits) / (Program Implementation + Customer Contribution + Shareholder Incentive)

Also includes effects of free-ridership and spillover.

(2) For Implementation Expenses derivation, see Table E-3.

(3) System Reliability may leverage some of the energy efficiency savings and benefits. Energy efficiency savings and benefits are attributed to the program in which they occur. The incremental costs and benefits of System Reliability appear below along with the resulting Total in order to illustrate that the existing Energy Efficiency programs are cost effective with the additional expenses. For more information please see the 2017 System Reliability Procurement Report for a full benefit cost analysis.

System Reliability Procurement		\$ 195.2	\$ 399.3	\$ 1.0	\$ -	
Total with System Reliability	1.99	\$ 248,067.1	\$ 90,542.4	\$ 29,535.6	\$ 4,425.5	6.0

**Table E-6
National Grid
Summary of 2017 Benefits and Savings by Program**

	Benefits (000s)											Load Reduction in kW			MWh Saved		MMBtu of Oil				
	Total	Capacity					Energy					Resource	Non Resource	Summer	Winter	Lifetime	Maximum Annual	Lifetime	Annual	Lifetime	
		Generation		Trans	MDC	DRIPE	Winter		Summer		DRIPE										
		Summer	Winter				Peak	Off Peak	Peak	Off Peak											
Non-Income Eligible Residential																					
Residential New Construction	\$1,852	\$123	\$0	\$8	\$62	\$0	\$350	\$354	\$364	\$212	\$3	\$316	\$60	54	117	814	1,065	16,110	-	-	
ENERGY STAR® HVAC	\$3,061	\$757	\$0	\$52	\$378	\$0	\$381	\$413	\$359	\$164	\$4	\$554	\$0	330	532	4,959	1,376	18,018	-	-	
EnergyWise	\$12,667	\$652	\$0	\$46	\$336	\$0	\$2,204	\$1,278	\$1,024	\$530	\$18	\$3,946	\$2,633	376	981	4,386	6,545	69,886	8,579	170,147	
EnergyWise Multifamily	\$6,913	\$438	\$0	\$31	\$230	\$0	\$1,009	\$945	\$312	\$262	\$8	\$942	\$2,735	288	902	2,997	3,519	35,915	2,442	38,632	
Home Energy Reports	\$2,504	\$298	\$0	\$34	\$246	\$0	\$778	\$626	\$270	\$201	\$53	\$0	\$0	3,119	4,273	3,119	26,184	26,184	-	-	
ENERGY STAR® Lighting	\$29,225	\$6,471	\$0	\$482	\$3,533	\$0	\$12,174	\$6,998	\$5,426	\$2,726	\$126	-\$11,951	\$3,241	5,466	7,028	45,701	46,856	391,763	-	-	
Residential Consumer Products	\$3,483	\$712	\$0	\$55	\$400	\$0	\$741	\$678	\$453	\$371	\$12	\$62	\$0	705	677	5,156	4,708	33,949	-	-	
Non-Income Eligible Residential SUBTOTAL	\$59,705	\$9,452	\$0	\$707	\$5,186	\$0	\$17,637	\$11,291	\$8,207	\$4,466	\$222	-\$6,133	\$8,669	10,337	14,510	67,134	90,254	591,825	11,021	208,779	
Income Eligible Residential																					
Single Family - Income Eligible Services	\$35,233	\$969	\$0	\$70	\$511	\$0	\$1,385	\$1,022	\$597	\$365	\$11	\$7,044	\$23,259	652	794	6,646	4,350	46,339	15,768	306,287	
Income Eligible Multifamily	\$7,294	\$220	\$0	\$16	\$116	\$0	\$734	\$700	\$276	\$238	\$6	\$625	\$4,364	145	527	1,504	2,726	27,835	1,656	25,837	
Income Eligible Residential SUBTOTAL	\$42,527	\$1,189	\$0	\$85	\$627	\$0	\$2,119	\$1,722	\$873	\$602	\$18	\$7,668	\$27,624	797	1,321	8,150	7,076	74,174	17,424	332,124	
Commercial & Industrial																					
Large Commercial New Construction	\$23,281	\$2,855	\$0	\$195	\$1,431	\$0	\$7,390	\$4,903	\$3,645	\$2,079	\$38	\$745	\$0	1,276	906	18,720	14,270	233,957	-	-	
Large Commercial Retrofit	\$105,859	\$23,559	\$0	\$1,658	\$12,162	\$0	\$26,925	\$24,430	\$12,860	\$10,173	\$192	-\$11,469	\$5,368	13,317	12,858	158,463	77,611	1,020,139	-	-	
Small Business Direct Install	\$16,500	\$5,017	\$0	\$354	\$2,597	\$0	\$3,724	\$3,333	\$1,745	\$1,379	\$29	-\$1,678	\$0	2,815	2,758	33,783	12,136	145,636	-	-	
C&I SUBTOTAL	\$145,640	\$31,432	\$0	\$2,207	\$16,190	\$0	\$38,039	\$32,667	\$18,250	\$13,631	\$259	-\$12,402	\$5,368	17,409	16,522	210,967	104,017	1,399,733	-	-	
TOTAL	\$247,872	\$42,072	\$0	\$2,999	\$22,002	\$0	\$57,795	\$45,680	\$27,330	\$18,699	\$499	-\$10,867	\$41,661	28,543	32,353	286,250	201,347	2,065,732	28,445	540,903	

**Table E-7
National Grid
Comparison of 2016 and 2017 Goals**

	Proposed 2017			Approved 2016		Difference	
	Annual Demand Savings (kW)	Annual Energy Savings (MWh)	Planned Unique Participants	Annual Demand Savings (kW)	Annual Energy Savings (MWh)	Annual Demand Savings (kW)	Annual Energy Savings (MWh)
Non-Income Eligible Residential							
Residential New Construction	54	1,065	561	83	1,213	-29	-148
ENERGY STAR® HVAC	330	1,376	1,900	235	1,011	95	365
EnergyWise	376	6,545	9,000	1,701	11,729	-1,326	-5,184
EnergyWise Multifamily	288	3,519	4,000	579	4,061	-291	-543
Home Energy Reports	3,119	26,184	208,063	3,759	32,186	-640	-6,002
ENERGY STAR® Lighting	5,466	46,856	279,425	3,620	43,098	1,846	3,758
Residential Consumer Products	705	4,708	14,700	696	4,647	9	61
Non-Income Eligible Residential SUBTOTAL	10,337	90,254	517,648	10,673	97,947	-335	-7,693
Income Eligible Residential							
Single Family - Income Eligible Services	652	4,350	2,625	554	4,061	98	289
Income Eligible Multifamily	145	2,726	2,894	366	2,830	-221	-104
Income Eligible Residential SUBTOTAL	797	7,076	5,519	920	6,891	-123	185
Commercial & Industrial							
Large Commercial New Construction	1,276	14,270	201	1,540	15,728	-264	-1,458
Large Commercial Retrofit	13,317	77,611	2,188	13,906	67,030	-589	10,581
Small Business Direct Install	2,815	12,136	744	2,507	12,165	309	-29
C&I SUBTOTAL	17,409	104,017	3,133	17,953	94,922	-544	9,094
TOTAL	28,543	201,347	526,299	29,545	199,760	-1,003	1,586

Notes:

- (1) Planned 2017 participation takes into account net-to-gross and estimates unique participation by taking into account 2015 unique customer accounts to savings ratios. Therefore the number of planned measures may be more than the estimated participants shown. For measure counts please view the widget tables in Attachments 1 and 2. Table E-7 no longer includes a comparison to the previous year's participation. Due to the way unique participation is calculated it is not possible to compare year-over-year results.
- (2) There are additional Low Income participants in Residential New Construction.
- (3) A customer can participate in more than one program, for example, ENERGY STAR® Lighting and Home Energy Reports, therefore the population reached can be more than 100%.
- (4) Beginning in 2017, Home Energy Reports participation will be counted as the number of customers receiving reports (i.e., the "treatment group") adjusted by the "Read Rate" of 75% from the most recent Customer Engagement Tracker Survey.

Table E-8
National Grid
Avoided Costs Used in 2017 Benefit-Cost Model

	Rhode Island					DRIPE for Installations in 2017				
	Winter Peak Energy	Winter Off-Peak Energy	Summer Peak Energy	Summer Off-Peak Energy	Annual Market Capacity Value	Winter Peak Energy	Winter Off-Peak Energy	Summer Peak Energy	Summer Off-Peak Energy	Annual Market Capacity Value
Units:	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kW-yr	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kW-yr
Period:										
2017	0.07	0.07	0.06	0.04	123.69	0.00	0.00	0.00	0.00	
2018	0.06	0.06	0.06	0.05	143.56	0.00	0.00	0.00	0.00	
2019	0.06	0.06	0.06	0.05	133.16					
2020	0.06	0.06	0.06	0.05	146.61					
2021	0.07	0.06	0.06	0.05	149.69					
2022	0.07	0.06	0.06	0.05	151.10					
2023	0.07	0.06	0.07	0.06	148.75					
2024	0.07	0.07	0.07	0.06	151.82					
2025	0.08	0.07	0.07	0.06	154.98					
2026	0.08	0.07	0.08	0.06	155.61					
2027	0.08	0.07	0.07	0.06	154.17					
2028	0.08	0.07	0.08	0.07	157.87					
2029	0.08	0.08	0.08	0.07	164.01					
2030	0.09	0.08	0.10	0.07	165.82					
2031	0.09	0.09	0.10	0.08	158.74					
2032	0.10	0.09	0.11	0.08	158.74					
2033	0.10	0.09	0.11	0.08	158.74					
2034	0.10	0.10	0.12	0.09	158.74					
2035	0.11	0.10	0.12	0.09	158.74					
2036	0.11	0.10	0.13	0.09	158.74					
2037	0.12	0.11	0.14	0.10	158.74					
2038	0.12	0.11	0.14	0.10	158.74					
2039	0.12	0.12	0.15	0.11	158.74					
2040	0.13	0.12	0.16	0.11	158.74					
2041	0.13	0.12	0.16	0.11	158.74					
2042	0.14	0.13	0.17	0.12	158.74					
2043	0.14	0.13	0.18	0.12	158.74					
2044	0.15	0.14	0.19	0.13	158.74					
2045	0.15	0.14	0.19	0.14	158.74					

Source:
AESC 2015 Study, Appendix B, in 2015 dollars

**Table E-9
National Grid
2017 Targeted Shareholder Incentive**

Energy Incentive Rate: 3.50%

	(1)	(2)	(3)	(4)	(5)
Sector	Spending Budget \$(000)	Target Incentive \$(000)	Annual kWh Savings Goal	Threshold kWh Savings	Target Incentive Per kWh
Income Eligible Residential	\$11,977	\$419	7,076,222	5,307,166	\$0.059
Non-Income Eligible Residential	\$29,998	\$1,050	90,253,592	67,690,194	\$0.0116
Commercial & Industrial	\$46,536	\$1,629	104,016,753	78,012,564	\$0.0157
Total	\$88,511	\$3,098	201,346,566	151,009,925	\$0.0154

Demand Incentive Rate: 1.50%

	(6)	(7)	(8)	(9)	(10)
Sector	Spending Budget \$(000)	Target Incentive \$(000)	Annual kW Savings Goal	Threshold kW Savings	Target Incentive Per kW
Income Eligible Residential	\$11,977	\$180	797	597	\$225.527
Non-Income Eligible Residential	\$29,998	\$450	10,337	7,753	\$43.529
Commercial & Industrial	\$46,536	\$698	17,409	13,057	\$40.096
Total	\$88,511	\$1,328	28,543	21,407	\$46.514

Notes:

(1) and (6) Eligible Spending Budget excludes Regulatory Costs, and Shareholder Incentive. See Table E-3 for details.

(2) Equal to the incentive rate (3.5%) x Column (1).

(3) and (8) See Table E-7

(4) and (9) 75% of Column (3). No incentive is earned on annual kWh savings in the sector unless the Company achieves at least this threshold level of performance.

(5) Column (2)*1000/Column (3). This illustration is for achieved savings equal to the savings target. The incentive earned per kWh will vary with the percent of the savings target achieved

(7) Equal to the incentive rate (1.5%) x Column (1).

(10) Column (7)*1000/Column (8). This illustration is for achieved savings equal to the savings target. The incentive earned per kW will vary with the percent of the savings target achieved

The shareholder incentive for Energy and Demand incentives will be calculated as follows, where SB is the Spending Budget in the sector:

- From 75% of savings to 100% of savings: Shareholder Incentive = SB x (0.15 x % of savings achieved – 0.10)
- x 0.7 for electric energy savings
- x 0.3 for electric demand savings
- x 1.0 for natural gas savings
- From 100% of savings to 125% of savings: Shareholder Incentive = SB x (0.05 x % of savings achieved)



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Rhode Island Division of
Public Utilities and Carriers
89 Jefferson Blvd.
Warwick RI 02888
(401) 941-4500

October 5, 2017

Raquel Webster
Senior Counsel
National Grid
280 Melrose Street
Providence, RI 02907

RE: Docket 4654 The Narragansett Electric Company, d/b/a National Grid 2017 Energy Efficiency Program Plan--Transfer of Funds Request

Dear Ms. Webster:

On October 3, 2017 the Narragansett Electric Company, d/b/a National Grid ("NGRID or Company") filed a request in the above referenced docket with the Division of Public Utilities and Carriers ("Division"), for approval to transfer funds in the 2017 Energy Efficiency Plan. NGRID has requested approval of the Division for certain fund transfers between the Non-Income Eligible Sector to the Commercial & Industrial (C&I) Sector representing 5.4% of the originating sector's budget.

Specifically, the Company requests pursuant to Section IV.C.2., a transfer of \$1,800,000 between the Electric Non-Income Eligible Sector's Energy Star Lighting program to the Electric C&I sector Finance cost budget. This transfer represents 19.1 % of the Energy Star Lighting program's original program budget, however it is between sectors thus requiring Division approval.

Raquel Webster
Page 2
October 5, 2017

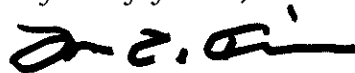
National Grid's has represented that the Energy Star Lighting program has exhibited "enormous cost efficiencies" as of late and decreases in the price of LED's has occurred sooner than anticipated resulting in a surplus in that program's budget. Additionally, a transfer of these funds will provide the Company with an increase in funds for its Large C&I Revolving Loan Fund and provide it with funds for on-bill financing for large customers in 2018, enabling the Company to meet savings targets.

The 2017 Energy Efficiency Program Plan was approved in Docket 4654 by a Commission Open Meeting decision on December 20, 2016.

Therefore after Division review and consideration of the above referenced request, the Division hereby approves the requested transfer of funds.

If you should have any questions please feel free to contact me.

Very truly yours,



Jon G. Hagopian
Deputy Chief Legal Counsel
Rhode Island Division Of
Public Utilities & Carriers

cc. Docket 4654 Service List



STATE OF RHODE ISLAND
**ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL**

Raquel Webster
Senior Counsel National Grid
280 Melrose Street
Providence, RI 02907

October 19, 2017

RE: Docket 4654 The Narragansett Electric Company, d/b/a National Grid 2017 Energy Efficiency Program Plan--Transfer of Funds Request

Dear Ms. Webster:

On October 3, 2017, the Narragansett Electric Company, d/b/a National Grid ("NGRID or Company") submitted a formal request to the Energy Efficiency and Resource Management Council ("EERMC"), for approval to transfer funds, as authorized by the above-referenced docket

Specifically, the Company requested, pursuant to Section IV.C.2 of the Energy Efficiency Program Plan For 2017 Settlement of the Parties (2017 Plan) approved in Docket 4654, a transfer of \$1,800,000 between the Electric Non-Income Eligible Sector's Energy Star Lighting program to the Electric C&I sector Finance cost budget. This transfer represents 19.1% of the Energy Star Lighting program's original program budget, and as a transfer between different sectors, it requires EERMC approval.

In its October 3rd request, the Company represented that the ENERGY STAR® Lighting program has exhibited "enormous cost efficiencies" recently and LED price reduction occurred sooner than anticipated, resulting in a surplus in that program's budget. Additionally, a transfer of these funds will provide the Company with an increase in funds for its Large C&I Revolving Loan Fund and provide it with funds for on-bill financing for large customers in 2018, enabling the Company to meet savings targets.

The 2017 Energy Efficiency Program Plan was approved in Docket 4654 by a R.I. Public Utilities Commission Open Meeting decision on December 20, 2016.

After review and consideration of the Company's October 3rd request, the EERMC voted to approve the transfer of funds at its regularly scheduled October 19, 2017 meeting.

If you should have any questions, please feel free to contact me.

Sincerely,

Christopher M. Powell, Chair
Rhode Island Energy Efficiency and Resource Management Council

ec: Docket #4654 Service List

From: Marisa Desautel
To: ["Mike Guerard"; Becca Trietch \(DOA\)](#)
Subject: FW: [EXTERNAL] : FW: Extension request for 2018 Annual Plan cost-effectiveness report
Date: Wednesday, October 11, 2017 2:09:25 PM

Please see below.

My apologies for not being more efficient on my initial request – I should have included a specific date!

Marisa Desautel, Esq.
55 Pine St., 4th Floor
Providence, RI 02903
www.desautelesq.com
Phone: 401.477.0023

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From: WilsonFrias, Cynthia (PUC) [<mailto:Cynthia.WilsonFrias@puc.ri.gov>]
Sent: Wednesday, October 11, 2017 1:54 PM
To: marisa@desautelesq.com
Cc: Nault, Alan (PUC) <Alan.Nault@puc.ri.gov>; George, Linda (PUC) <Linda.George@puc.ri.gov>; Bianco, Todd (PUC) <Todd.Bianco@puc.ri.gov>
Subject: RE: [EXTERNAL] : FW: Extension request for 2018 Annual Plan cost-effectiveness report

Hi Marisa,

I think the requested two-day extension from November 15th to the 17th would be fine.

Cindy

From: Marisa Desautel [<mailto:marisa@desautelesq.com>]
Sent: Wednesday, October 11, 2017 1:50 PM
To: WilsonFrias, Cynthia (PUC) <Cynthia.WilsonFrias@puc.ri.gov>
Subject: RE: [EXTERNAL] : FW: Extension request for 2018 Annual Plan cost-effectiveness report

Hi Cindy,

EERMC would be looking for an extension to November 17th to file.

Thanks,

M

Marisa Desautel, Esq.

55 Pine St., 4th Floor
Providence, RI 02903
www.desautelesq.com
Phone: 401.477.0023

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From: WilsonFrias, Cynthia (PUC) [<mailto:Cynthia.WilsonFrias@puc.ri.gov>]
Sent: Wednesday, October 11, 2017 12:56 PM
To: marisa@desautelesq.com
Cc: Nault, Alan (PUC) <Alan.Nault@puc.ri.gov>
Subject: RE: [EXTERNAL] : FW: Extension request for 2018 Annual Plan cost-effectiveness report

Hi Marisa,
How long after the 16th will you need to file the report?
Thanks, Cindy

From: Marisa Desautel [<mailto:marisa@desautelesq.com>]
Sent: Tuesday, October 10, 2017 1:36 PM
To: WilsonFrias, Cynthia (PUC) <Cynthia.WilsonFrias@puc.ri.gov>
Subject: [EXTERNAL] : FW: Extension request for 2018 Annual Plan cost-effectiveness report

Hi Cindy,
I just received an out of office reply from Linda George on my email below.
Because of the timing on these filings, I am hoping that you can be of assistance with the EERMC's request.
Please let me know if you'd rather wait for Linda's return.
Thanks,
M

Marisa Desautel, Esq.
55 Pine St., 4th Floor
Providence, RI 02903
www.desautelesq.com
Phone: 401.477.0023

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From: Marisa Desautel [<mailto:marisa@desautelesq.com>]

Sent: Tuesday, October 10, 2017 1:31 PM

To: Linda.George@puc.ri.gov

Subject: Extension request for 2018 Annual Plan cost-effectiveness report

Hi Linda,

The EERMC has asked me to formally request an extension from the PUC for the 2018 Annual Plan cost-effectiveness report filing. Once again, the council meeting is a few days later than the current filing deadline. As you know, the EERMC must review and vote on the final cost-effectiveness report. As it stands, the relevant council meeting will take place on Nov 16th; the report should be filed 14 days after National Grid files its 2018 Annual Plan on Nov 1st.

Please let me know if this is acceptable or if you need additional information.

Thanks,

M

Marisa Desautel, Esq.

55 Pine St., 4th Floor

Providence, RI 02903

www.desautelesq.com

Phone: 401.477.0023

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**Cost-Effectiveness Report:
National Grid's 2018 Energy Efficiency and
System Reliability Procurement Plan**

**An Assessment and Report by
The VEIC/Optimal Energy Consultant Team**



Working on Behalf of the



**STATE OF RHODE ISLAND
ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL**

Submitted to the Rhode Island Public Utilities Commission

November 17, 2017

Summary of Consultant Team Findings

The Energy Efficiency and Resource Management Council (EERMC) Consultant Team finds that the *Annual Energy Efficiency Plan for 2018* (the "EE Plan"), filed on **November 1, 2017** by National Grid, is cost-effective according to both the recently adopted "Rhode Island Test" (RI Test) and the historically referenced Total Resource Cost (TRC) test. The new RI test was created by the revised Least Cost Procurement Standards approved by the Public Utilities Commission ("the Commission") on July 28, 2017.¹ Furthermore, the energy savings are projected to cost less than the acquisition of additional supply, which is a further requirement of LCP and R.I. Gen. Laws § 39-1-27.7 (a)(2)

We also find that the implementation strategies outlined in the Plan will support a reasonable and credible sustained implementation of National Grid's energy efficiency program delivery efforts, and align with the savings targets and revised Least Cost Procurement Standards proposed by the EERMC in its December 22, 2016 filing and approved by the PUC at its Open Meeting held on April 27, 2017.

<Summarize findings on the SRP ("the SRP Report" here)

These findings and the remainder of this report were [distributed to the EERMC on November 9, 2017 and](#) presented to the EERMC by the EERMC Consultant Team at its **November 16, 2017** meeting, and were approved and adopted in a vote of the EERMC.

Because the EE Plan and the SRP Report have been approved by the EERMC and meet the cost-effectiveness requirements of R.I.G.L. § 39-1-27.7(c)(5), the EERMC recommends that they also be approved by the Commission based on the Consultant Team's analysis and report.

¹ Section 1.2.B., http://www.ripuc.org/eventsactions/docket/4684-LCP-Standards_7-27-17.pdf

I. Introduction

This report was prepared by the Consultant Team and the EERMC to help fulfill the requirements of R.I.G.L. § 39-1-27.7(c)(5) related to the Public Utility Commission's approval of National Grid's three-year procurement plan and related annual energy efficiency plans. Since 2010, the EERMC has directed the Consultant Team to prepare this report for all three-year and annual plans filed with the Commission. This version addresses National Grid's proposed *Annual Energy Efficiency* ("the EE Plan") and *System Reliability Procurement Report* ("the SRP Report"), reviewed by the Council at its October 19, 2017 meeting. The Council voted to approve this report at its November 16 Council meeting.

This report submits our finding that the EE Plan and SRP Report are cost-effective as evidence to the Commission. It also describes the nature and process of the review and documents the professional experience and qualifications of the Consultant Team that performed the review.

In order to assess the cost-effectiveness of the EE Plan and SRP Report, the EERMC Consultant Team engaged in the following plan development and review processes:

1. Consistent and on-going oversight of actual National Grid energy efficiency planning and implementation activities through direct interactions with National Grid staff and participation in the Collaborative Subcommittee process (documented in Section II).
2. Reviewing the details of National's Grid Benefit-Cost Models ("BC Models") to ensure that they accurately reflect the proposed program designs in the Plan, recent evaluation results, and relevant TRM inputs (Section III)
3. Reviewing additional inputs to the cost-effectiveness calculations, including new components resulting from the revised Least Cost Procurement Standards approved by the PUC on April 27, 2017 (Section IV).

Appendices to this report provide additional information on the relevant regulatory and legal framework for this report as well as the qualifications of the Consultant Team to perform this review.

II. Oversight of Planning and Implementation Activities

The EERMC, consistent with its statutory obligations under the 2006 Comprehensive Energy Act, continues to play an involved and active role with National Grid to guide, facilitate, and support public and independent expert participation in the review, oversight, and evolution of utility energy efficiency procurement and program implementation. The EERMC believes this input is critical to having the energy efficiency programs and new cost saving mechanisms evolve into resource acquisition tools that can effectively implement the Rhode Island law to procure all cost-effective natural gas and electric energy efficiency. The updated Standards in

Docket No. 4684 require a consistent and effective process to guide the development and submission of National Grid's Plan to the Commission.

The EERMC has met its review and input requirements both at its regularly scheduled meetings with National Grid and through Collaborative meetings and phone calls. The Collaborative is comprised of EERMC members; the EERMC Consultant Team; RI Office of Energy Resources (OER); Acadia Center; the Division of Public Utilities and Carriers with representation from the Attorney General's Office and support from its consultant; People's Power and Light; and TEC-RI. National Grid coordinates and hosts the meetings, and has energy efficiency and system reliability representatives in attendance at all meetings.

For the EE Plan, the Consultant Team reviewed and commented on two drafts of the Plan in **September and October of 2017**. This included attending or participating in presentations by the Company and providing comment in both written form and through in-person and telephone conversations with the Company and EERMC members.

III. EE Plan Program Design and Evaluation Review

The Consultant Team reviewed the draft and final Plans to assess the proposed program designs and the extent to which they and the associated cost-effectiveness analyses reflect recent evaluation results and relevant TRM inputs. This included the following:

- Reviewing updates to the 2017 TRM to assess the measures and assumptions used in the calculations of energy and capacity savings proposed programs, and to ensure that these are accurately reflected in the BC models.
- Reviewing assumptions regarding program activity, in the form of measure quantities, to ensure they are appropriate and reflect the program design and descriptions in the Plan.
- Reviewing the mix of measures and net-to-gross values used in the BC Models to ensure they reflect the latest evaluations available.
- Comparing the BC Models to the proposed targets adopted by the Council in Docket 4684 and noting any differences, which were raised to the Company for explanation and resolution.

As a result of these activities, the Consultant Team communicated with National Grid analysts and sector managers to address pertinent issues and questions related to both program design and cost effectiveness. In some cases, this resulted in revisions to the Plan. Overall, our findings are that:

- The overwhelming majority of the modeling and cost-effectiveness assumptions reviewed were reasonable and well-supported. Any issues identified in the BC Models or in the Plan were addressed at the portfolio and program level by National Grid's analyst team.

- National Grid appropriately used new results from both Rhode Island and relevant Massachusetts evaluations that were recently completed to update multiple measure baselines, net-to-gross ratios, measure lives, and other measure assumptions.
- The objectives of the Least Cost Procurement Standards were followed to ensure that program designs and the resulting implementation secure cost-effective energy efficiency resources that are lower than the cost of supply, are prudent and reliable, and deliver hundreds of millions of dollars in bill savings to Rhode Island customers

In general, the Consultant Team found National Grid's processes for revising their cost-effectiveness inputs and assumptions to be thorough and comprehensive. National Grid appropriately adjusts baselines for new building codes and federal standards, and incorporates the latest findings from evaluation studies. In addition, the Company updates anticipated program costs based on recent experience and new market information.

IV. SRP Report Project Screening Review

<this will be a new section describing the process of our review of the SRP Report and our findings. Emphasis will likely be on the pilot programs, the NWA screening that is not producing any projects, and the proposed other activities (e.g., heat map).>

V. Cost-Effectiveness Review

Defining Cost-Effectiveness

Cost-effectiveness tests for energy efficiency measures and programs compare the net present value of a stream of benefits to the net present value of a corresponding stream of costs, whether they occur at the time of implementation or over several years. When the benefits exceed the costs, the measure or program is said to be "cost-effective."² Several tests exist, each of which assesses cost-effectiveness from a different perspective. The Total Resource Cost (TRC) has been widely accepted and used by regulators and policy-makers to evaluate demand-side management programs because it takes an expansive view of the effects of these programs, including all of the costs borne by consumers (whether directly or indirectly through utility rates) and all of the benefits that accrue to those consumers. Historically, Rhode Island relied on the TRC test to assess whether the benefits of an efficiency measure or program outweighed the costs for Rhode Island consumers.

² The results of this analysis can be expressed as either the net benefits (i.e., total benefits minus total costs), where cost-effective is defined as positive net benefits, or as the benefit-to-cost ratio (total benefits divided by total costs), where cost-effective is defined as a ratio of greater than or equal to 1.

More recently, the Rhode Island Public Utilities Commission ordered National Grid to develop a benefit-cost test that “more fully reflects the policy objectives of the State.” The Commission did not specify the components of the new “Rhode Island Test” (or “RI Test”) in detail, but provided a number of principles to follow, including symmetry, transparency, and the importance of accounting for all relevant impacts, even those that are difficult to quantify or monetize.

National Grid subsequently proposed two additional categories of benefits to include in the new RI Test in addition to those already included in the TRC. These were discussed among the EERMC Consultant Team, the Division, the Collaborative, and National Grid. Based on general agreement, these benefits have been included in the cost-effectiveness analysis presented in the Plan. They are:

- **The benefits associated with reduction in greenhouse gas (GHG) emissions** – The TRC test used in previous Plans accounted for the costs of mitigating CO₂ emissions imposed by the Regional Greenhouse Gas Initiative and the costs of reasonably anticipated future GHG regulations.³ The revised Standards provide for inclusion of additional value related to GHG emissions reductions.
- **The benefits associated with economic development resulting from investment in energy efficiency** – Changes in how consumers and other entities spend money in the Rhode Island economy can result in changes in overall economic activity. For example, shifting spending from goods or services produced outside of the state to those produced within the state with increase in-state economic activity. Because investing in energy efficiency in part replaces spending on energy, the Plan may result in such a shift. The economic impacts of investing in one type of energy efficiency measure (combined heat and power, or CHP) were included in previous cost-effectiveness analyses; the new RI Test extends this to capture these impacts for all Plan activity.

Assessing the Cost-Effectiveness of the 2018 EE Plan

The final Plan presents the cost-effectiveness of the proposed 2018 programs using both the TRC and the RI test. The table below summarizes the results in terms of benefit-cost ratio. Considering just the TRC, both the electric and gas portfolios are robustly cost-effective in every year; electric portfolio benefits are nearly twice the total costs of the investments, while gas portfolio benefits exceed costs by 50%.

³ The cost of mitigating emissions becomes a benefit in the cost-effectiveness analysis, because energy efficiency results in lower emissions, and thus avoids some of these costs. Rather than account for them as a negative cost, they are considered a positive benefit.

BCR	TRC Test	RI Test
Electric	1.79	2.84
Gas	1.7	2.76

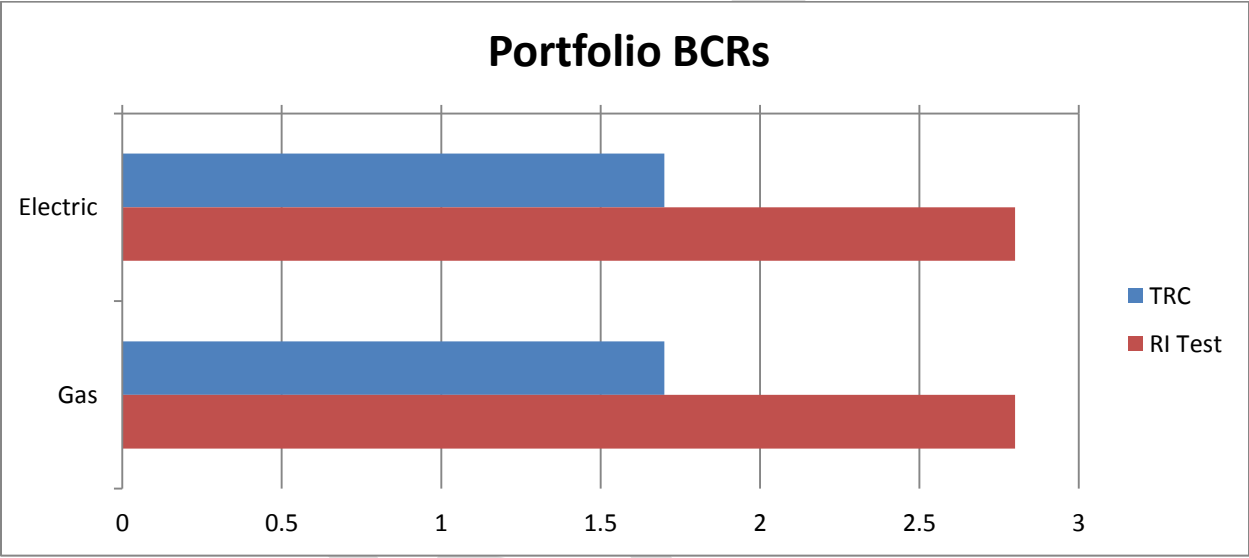
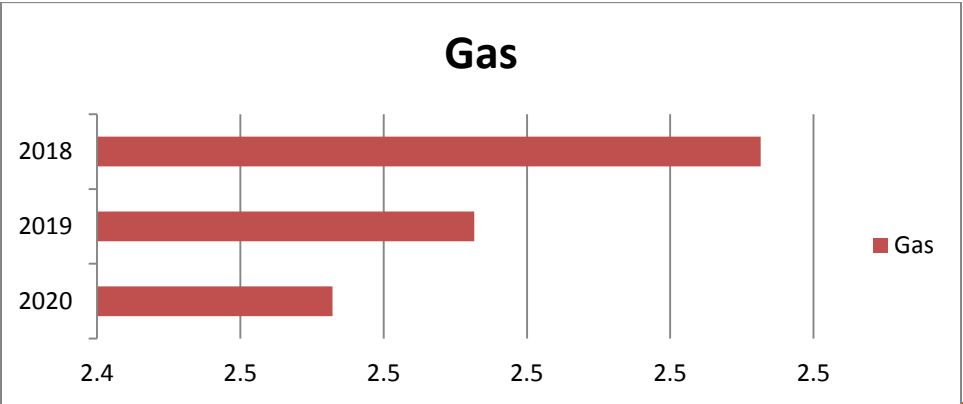
As described above, the RI Test seeks to include a more complete set of benefits that better reflects state policy. The benefits associated with reductions in greenhouse gas (GHG) emissions have been included by relying on the 2015 version of the *Avoided Energy Supply Costs in New England* report (AESC). This report projects a long-term value of reductions in carbon emission of \$100 per short ton. A small portion of this value – representing the near-term value of carbon reductions given current and likely future carbon regulation – is already included or “embedded” in the avoided energy costs that compose a portion of the benefits under the TRC Test. Therefore, the RI Test includes the remaining value of carbon emissions up to the full \$100 per ton value.⁴

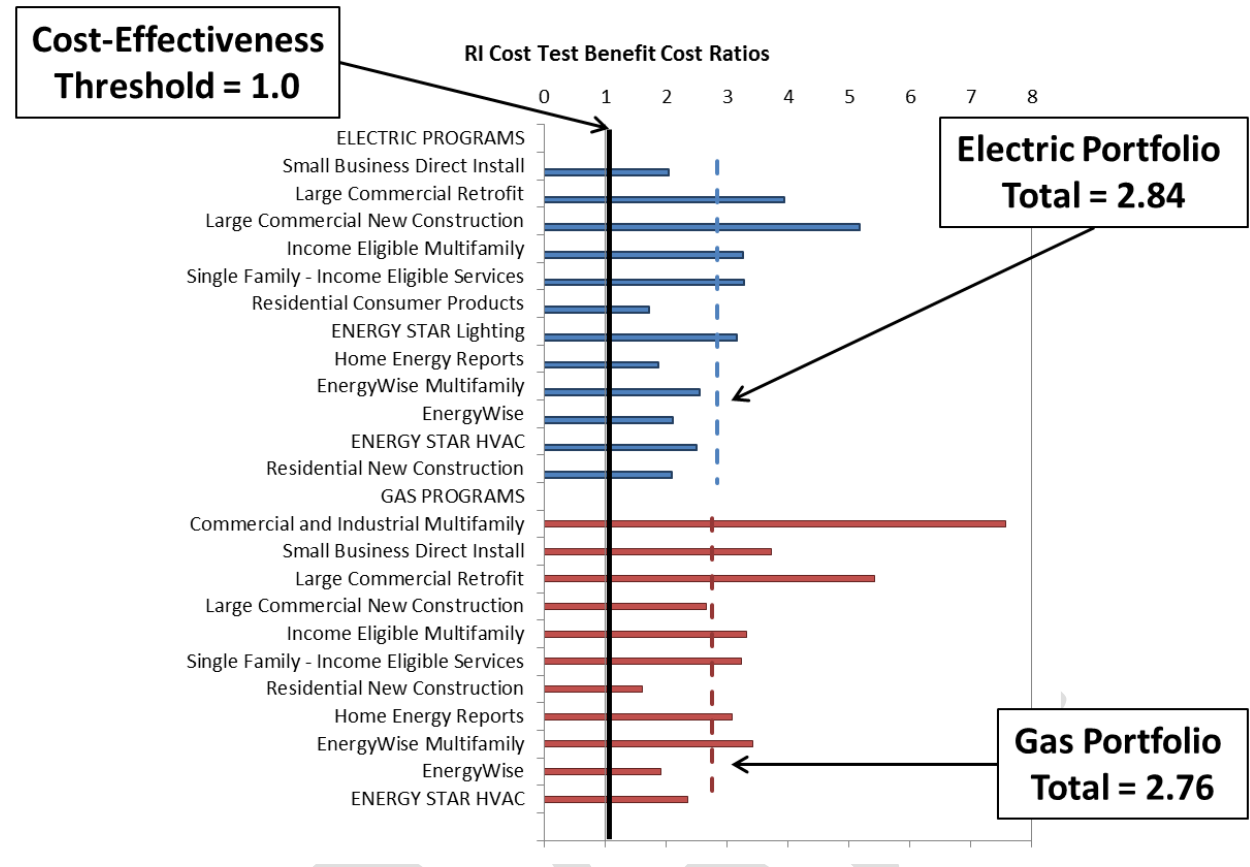
It is generally acknowledged that increased spending from installing energy efficiency measures creates jobs in the local economy. Participant and program spending on efficiency often has positive benefits to the local economy as a greater portion of total energy costs are spent locally. Yet these benefits are typically not included in TRC benefit calculations because they are difficult to quantify, requiring a regional economic model. Such an analysis was conducted for National Grid in 2014, the results of which form the basis for the economic benefits included in the RI Test.⁵ Depending on the sector, fuel, and source of spending (i.e., participant or program), the study found economic benefits (above and beyond the value of avoided energy and capacity) of between \$0.56 and \$0.75 for each dollar spent. These factors were used to calculate the economic benefits in the RI Test results.

The Consultant Team has reviewed the quantification of the GHG reduction and economic benefits in the RI Test and finds them to be appropriate and in keeping with the Commission’s direction. Returning to the table above, the inclusion of the more complete set of benefits in the RI Test results in a roughly 65% increase in BCR for both the electric and gas portfolios and a 65% increase in the BCR for the gas portfolio. The figure below presents the results of the RI Test in graphical form and again demonstrates that in each program year, both the electric and natural gas efficiency programs have a BCR greater than 1.0, as required by the Commission-approved Least Cost Procurement Standards and R.I.G.L. § 39-1-27.7 (c)(5).

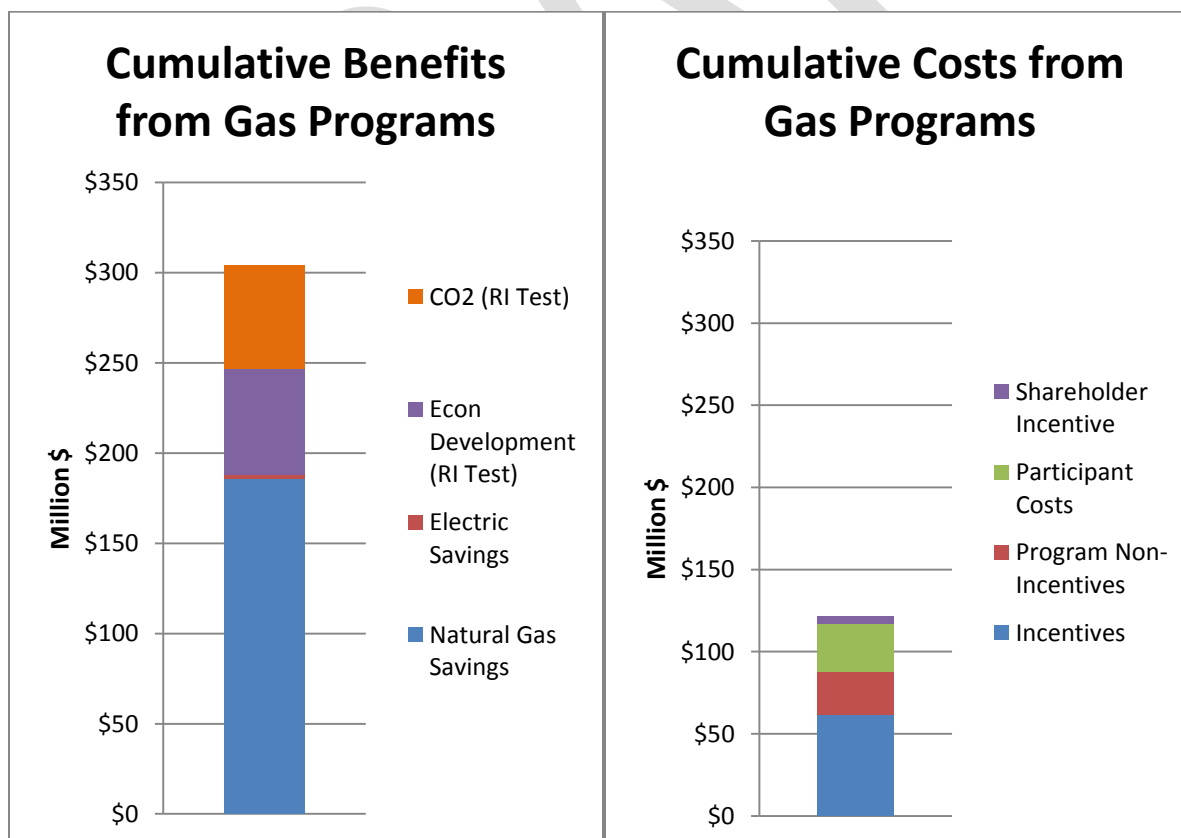
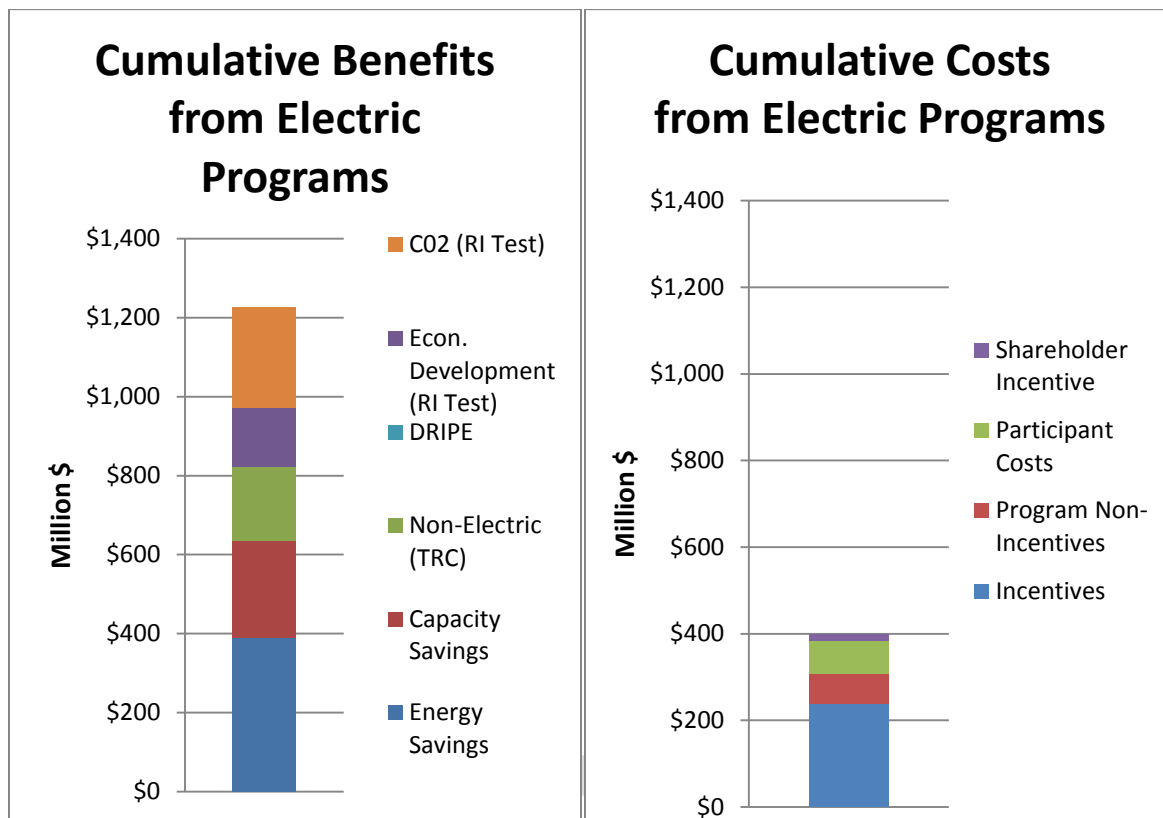
⁴ Values for non-embedded CO₂ are presented in several tables in the 2015 AESC: Exhibit 4-5 for electric savings, Exhibit 4-14 for gas savings, and Exhibit 4-18 for oil savings.

⁵ Macroeconomic Impacts of Rhode Island Energy Efficiency Investments: REMI Analysis of National Grid’s Energy Efficiency Programs, National Grid Customer Department, November, 2014.





The graphs below (graphs are from 3YR Plan CE Memo and are not yet revised to show 2018 only) show the major components of both the costs and benefits of the portfolios for the 2018 Plan. The total resource benefits in both the gas and electric portfolios are mostly derived from primary fuel savings. Similarly, the total resource costs are largely participant incentives. The top two sections of the benefits chart are the components that are included only in the RI Test; the lower sections are included in both the TRC and RI Tests. On the cost side, note that the BCR calculation includes an allowance for National Grid's shareholder incentive at the nominal or "target" value.



The Consultant Team also reviewed National Grid's assessment of the cost of efficiency as compared to alternatives; the LCP standards require that efficiency be lower cost than acquisition of additional supply. Discussions between National Grid staff and the Consultant Team resulted in agreement on how to demonstrate this criterion. Because the choice for the utility is to either "purchase" energy through efficiency programs or through traditional supply contracts, the cost of the programs to the utility alone (i.e., not including customer contribution) is the appropriate basis for comparison. The avoidable costs of supplying energy to customers, best represented by the Company's standard offer price, is the cost to which efficiency should be compared.

The 2018 Plan presents the results of this comparison, which demonstrates that the efficiency portfolios, both electric and gas, cost less than the cost of supply. Electric savings cost 5.2 cents per lifetime kWh saved as compared to 10.3 cents/kWh for standard offer, weighted across all customer sectors. Gas savings cost \$5.63 per lifetime MMBtu, as compared to \$7.02 per MMBtu for standard offer.

The EERMC Consultant Team concludes that the EE Plan meets the cost-effectiveness requirements of R.I.G.L. § 39-1-27.7(c)(5) and therefore should be approved by the Commission.

Assessing the Cost-Effectiveness of the 2018 SRP Report

<use a similar structure as for EE Plan: provide the results first, then any commentary on aspects of the screening. If they use RI Test for SRP, then refer back to previous discussion on those new topics, don't repeat here>

V. Conclusion

For the reasons stated herein, the EERMC and the EERMC's Consultant Team finds that National Grid's 2018 Energy Efficiency Program Plan and their 2018 System Reliability Procurement Report are cost-effective and lower cost than the acquisition of additional supply pursuant to R.I.G.L. § 39-1-27.7 (c)(5).

Appendices

A. The Rhode Island Legal and Regulatory Framework

Rhode Island's Comprehensive Energy Conservation, Efficiency, and Affordability Act of 2006 ("2006 Comprehensive Energy Act") established a comprehensive energy policy that explicitly and systematically requires maximization of ratepayers' economic savings through investments in all cost-effective energy efficiency. By means of this requirement on the distribution utility to procure all cost-effective energy efficiency, Rhode Island ratepayers stand to save hundreds of millions of dollars in energy bills over the next decade.

The primary guidelines informing the planning process to achieve this objective are the "standards for energy efficiency and conservation procurement and system reliability" Least Cost Procurement Standards or Standards), required in the 2006 legislation. The EERMC proposed the initial Least Cost Procurement Standards in June, 2008, and a subsequent revision was approved by the Commission in July, 2008. Updates to the Standards were proposed by the EERMC in 2011 under Docket #4202, in 2014 under Docket #4443, and in 2016 under Docket #4684, all of which were approved by the Commission. The purpose of these Standards is to provide sufficient direction to guide National Grid in its Three-Year and Annual Plans.

In the past, the Standards ordered by the PUC identified the Total Resource Cost (TRC) test as the methodology to use in determining whether the measures, programs, and the portfolio of energy efficiency (EE) services are cost-effective. The Standards for determining cost-effectiveness were modified in 2016 to include a revised definition in Section 1.2(B) that identified the Rhode Island Test (RI Test) as the basis for measuring cost-effectiveness. Briefly, the new test is intended to "more fully reflect the policy objectives of the State with regard to energy, its costs, benefits, and environmental and societal impacts." In practice, for this Three-Year Plan, the new test includes two additional categories of benefits: additional value of mitigating carbon emissions not already captured in the energy avoided costs and net economic benefits to the State resulting from efficiency program spending. To provide consistency with the previously applied TRC methodology, the Standards require the Plan to report the results of both the TRC and RI Tests.

B. Summary of EERMC Consultant Team's Qualifications

The EERMC Consultant Team is composed of Vermont Energy Investment Corporation ("VEIC") serving as the lead contractor, Optimal Energy Inc. ("OEI"), Energy Futures Group (EFG), and Ralph Prah (Consultant). The Consultant Team is led by Mike Guerard, previously in partnership with Scudder Parker. Key skills and expertise are provided by Craig Johnson (OEI) on data and analytical issues; Jeff Loiter (OEI) on cost-effectiveness review and regulatory issues; Richard

Faesy (EFG) and Glenn Reed (EFG) on the Residential market sector; George Lawrence (OEI), Zoe Dawson (VEIC and Jen Chiodo (Cx Associates) on the Commercial / Industrial sector; and Mark Kravatz (OEI) and Ralph Prah on evaluation, measurement, and verification (EM&V) activity. An additional layer of supporting staff is also in place, as well as a full range of industry experts available on an as-needed basis.

This team brings an impressive understanding of, and experience with, energy efficiency policy, regulatory practice, program design, cost-effectiveness analysis, measure characterization, assessment of potential savings, and evaluation, measurement and verification. Many of the individual consultants included on the Consultant Team have 15-30 years of direct experience in energy efficiency and broader regulatory policy. All participants also practice in jurisdictions outside of Rhode Island (many of those in New England) and their experience in those settings provides an important context and perspective to inform the EERMC in its oversight role.

The Team's strong familiarity with Rhode Island's policy, planning, implementation, and evaluation experience provides a high level of assurance that practices in Rhode Island are consistent with regional and national best practices in Energy Efficiency Least Cost Procurement.⁶

⁶ The EERMC and its Consultant Team also work closely with the Division and its Consultant through the Collaborative Subcommittee.



**THE BY-LAWS
of the
RHODE ISLAND ENERGY EFFICIENCY AND
RESOURCE MANAGEMENT COUNCIL**

**Adopted February 12, 2015
Pursuant to RIGL §42-140.1-6(b)**

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Article I -The Council

Section 1. Name: The Rhode Island Energy Efficiency and Resource Management Council – hereinafter referred to as “the EERMC” or “the Council” – is authorized, created, and established pursuant to Rhode Island General Law (RIGL) §42-140.1.

Section 2. Purposes and General Powers and Duties: Pursuant to RIGL §42-140.1-3, the purposes of the EERMC are:

- (1) Evaluate and make recommendations, including, but not limited to, plans and programs, with regard to the optimization of energy efficiency, energy conservation, energy resource development; and the development of a plan for least-cost procurement for Rhode Island; and
- (2) Provide consistent, comprehensive, informed and publicly accountable stake-holder involvement in energy efficiency, energy conservation, and energy resource management; and
- (3) Monitor and evaluate the effectiveness of programs to achieve energy efficiency, energy conservation, and diversification of energy resources; and
- (4) Promote public understanding of energy issues and of ways in which energy efficiency, energy conservation, and energy resource diversification and management can be effectuated.

Pursuant to RIGL §42-140.1-5, the EERMC shall have the power to:

- (1) Develop and recommend for implementation plans, programs and standards for energy conservation, energy efficiency, and diversification of energy resources.
- (2) Monitor and evaluate plans and programs for energy conservation, energy efficiency and diversification of energy resources; in order to effectuate such evaluations the council may request audits, including performance audits, of any program for energy conservation, energy efficiency or diversification of energy resources, that is established pursuant to Rhode Island law or is administered by a state agency, a request for an audit of any program operative pursuant to an order or decision of the public utilities commission shall be made to the commission; the council may make findings and recommendations with regard to changes, modification or continuation of any programs which it has authority to monitor or evaluate.
- (3) Submit to the joint committee on energy an annual report on/or before April 15 of each year, commencing in 2008, regarding the activities of the council, its assessment of energy issues, the status of system reliability, energy efficiency and conservation procurement and its recommendations regarding any improvements which might be necessary or desirable.
- (4) Participate in proceedings of the public utilities commission that pertain to the purposes of the council, including but not limited to proceedings regarding least-cost procurement as provided for in § 39-1-27.7.
- (5) Advise electric distribution companies with regard to implementation of least cost procurement.
- (6) Advise the commission of energy resources, and recommend policies, standards, strategies, plans, programs, and procedures with regard to functions of the office of energy resources including but not limited to plans, strategies, and programs to:
 - a. implement cost-effective energy conservation and energy efficiency programs;
 - b. promote the development of eligible renewable energy resources for Rhode Island;
 - c. foster distributed generation of electricity and demand response;

- d. assist low-income households in meeting energy needs; and
 - e. coordinate the use of funds, resources, and programs from diverse resources to achieve the purposes of the office.
- (7) Consider such other matters as it may deem appropriate to the fulfillment of its purposes, and may advise the governor, the general assembly, other parties, and the public with regard to matters pertaining to its purposes and duties, which advice may include findings and recommendations.

The EERMC has additional general powers, pursuant to RIGL §42-140.1-6, which include:

- (1) To make any studies of conditions, activities, or problems related to the state's energy needs, usage, and supplies to carry out its responsibilities.
- (2) To adopt amend bylaws, to establish committees, to elect and/or appoint officers and agents, and to engage consultants and professional services as necessary and appropriate to fulfill its purposes.
- (3) To accept and administer grants from the federal government and from other sources, public or private, for the carrying out of any of its functions, which loans or grants shall not be expended for other than the purposes for which provided.
- (4) To work with the appropriate federal, regional, and state agencies, and private entities.
- (5) To apply for, accept and expend allocations, grants and bequests of funds, for the purpose of carrying out the lawful responsibilities of the council.

The EERMC shall have the power to enter into contracts with persons and entities in furtherance of its purposes. The EERMC shall have such additional purposes and powers as may be delegated to it from time to time by the General Assembly, and all incidental powers as may be necessary and practical for carrying out its purposes and duties as herein described

Section 3. Seal: The seal shall include the words "State of Rhode Island Energy Efficiency & Resource Management Council" positioned around a graphical representation of the sun, land, and sea.

Section 4. Office: The administrative office of the Council shall be located at the offices of its executive director ~~at the Rhode Island Office of Energy Resources, One Capitol Hill—4th Floor, Providence, Rhode Island 02908.~~

Commented [BT(1): In case our location ever changes, I'd remove the address.

Section 5. Fiscal/Program Year: The fiscal/program year of the Council shall be on calendar year basis beginning on the first day of January and ending on the thirty-first day of December.

Section 6. Nondiscrimination: The members, officers, employees, service-providers and other persons or organizations selected and/or served by and for the Council shall be treated and considered entirely on a nondiscriminatory basis with regard to sex, marital status, sexual preference, race, religion, disability, national origin or age, except as applicable to federal or state mandated eligibility criteria for specific programs or services.

Article II - Council Membership

Section 1. Composition of the Council: The membership of the Council shall be governed by RIGL §42-140.1-4. The Council shall consist of ~~thirteen~~ fifteen (15) members appointed by the governor with the advice and consent of the senate.

Commented [OER2]: Updated this section to reflect the current law

- A. ~~Nine~~ Eleven (11) members shall be voting members, and the governor shall give due consideration to appointing persons with knowledge of:
1. energy regulation and law;
 2. large commercial/industrial users;
 3. small commercial/industrial users;
 4. residential users;
 5. low income users;
 6. environmental issues pertaining to energy;
 7. energy design and codes;
 8. large nonprofit institutional users;
 - 7-9. small nonprofit institutional users;
 - 8-10. energy efficiency education and employment tracking; and
 - 9-11. municipal energy users.
- B. Four (4) members shall be ex-officio, non-voting members, representing:
1. an electric distribution entity;
 2. a gas distribution entity;
 3. fuel oil or heating fuel industry; and
 4. the commissioner of the office of energy resources.
- C. From the ~~nine~~ eleven (11) voting members, the governor shall appoint one person to be chairperson of the council and one person to be vice chairperson of the council.
- D. The commissioner of the office of energy resources shall be the executive secretary and executive director of the council.

Section 2. Term of Office: Pursuant to RIGL §42-140.1-4(b), with the exception of the commissioner of the office of energy resources, Members of the council shall be appointed for a term of five (5) years and may be reappointed.

Section 3. Vacancies: Pursuant to RIGL §42-140.1-4(d), A vacancy other than by expiration shall be filled in the manner of the original appointment but only for the unexpired portion of the term. The appointing authority shall have the power to remove its appointee for just cause.

Section 4. Resignations: A member may resign at any time by submitting written notice to the Governor, Executive Director and Chairperson. The resignation shall take effect at the time specified in such notice, and unless otherwise specified in such notice, and acceptance shall not be necessary to make it effective.

Section 5. Removal: The Executive Committee of the Council may recommend to the Governor the removal of any member who (a) fails to attend at least two-thirds (2/3) of the regularly scheduled meetings of the Council during a twelve (12) month period, (b) fails to attend three (3) consecutive meetings of the Council or (c) fails to perform his/her duties in a

manner consistent with the Council's mission and/or these by-laws; and/or any authorizing or companion legislation pertinent to the Council.

Section 6. Prohibition of Compensation of Members: Pursuant to RIGL §42-140.1-4(e), the members of the council shall not be compensated for their service but shall be reimbursed for their actual expenses necessarily incurred in the performance of their duties. The provisions of this section shall not apply to the executive secretary/executive director.

Article III - Officers

Section 1. Number and Title: Pursuant to RIGL §42-140.1-4(a), the governor shall appoint one person to be chairperson of the council and one person to be vice chairperson of the council.

Section 2. Duties of the Chairperson: The Chairperson of the Council shall:

- A. Preside at all meetings of the Council, if present;
- B. Execute instruments, as authorized by the Council, in the name of the Council;
- ~~B.C.~~ Call special meetings of the Council, or reschedule a regular meeting of the Council;
- ~~C.D.~~ Appoint ad-hoc committees, workgroups or task forces to assist the Council;
- ~~D.E.~~ Appoint Chairpersons of committees;
- ~~E.F.~~ Appoint members of the Council to committees;
- G. Be an ex-officio member of all committees, and shall be Chairperson of the Executive Committee;
- F.H. Recommend appointees to the Governor with input from the Executive Committee; and
- I. Develop and recommend a regular, monthly meeting schedule for the year to the full Council;
- J. Develop the agendas for meetings of the Council; and
- ~~G.K.~~ Exercise and perform such other powers and duties as may from time to time be assigned by the Governor, or the Council, or prescribed by these by-laws; and, in general, to perform all the duties incident to the office of the Chairperson.

Commented [OER3]: New duty

Commented [OER4]: New duty

Commented [OER5]: Moved from Ex Comm

Section 3. Duties of the Vice-Chairperson: The Vice-Chairperson shall, in the absence of the Chairperson, perform all the duties of the Chairperson, and, when so acting, shall have all the powers of, and be subject to all the restrictions, upon the Chairperson. The Vice-Chairperson shall also have such other powers, and perform such other duties, as, from time to time, may be prescribed by the Chairperson, Council, or these by-laws.

Section 4. Executive Director: The commissioner of the office of energy resources shall be the executive secretary and executive director of the council.

Section 5. Duties of the Executive Director: The Executive Director shall be responsible for:

- A. Informing the Council of pertinent local, statewide, regional, and national developments in the field of energy efficiency, renewable energy, and other energy-related matters;
- B. Seeing that all orders and resolutions of the Council are effected;

C. Assisting the Chairperson in scheduling and rescheduling any regular or special meetings of the Council;

D. Assisting the Chairperson in developing council agendas;

~~B~~-E. Assisting the Executive Committee in developing and recommending annual budgets to the full Council;

F. Keeping and maintaining all of the Council's minutes, financial records, and other reports in hard copy or electronically, and overseeing the maintenance of~~maintain~~ the Council's public website as specified by the Council;

~~C~~-G. Recommending appointees to the Governor; and

~~D~~-H. Other duties and responsibilities as assigned and/or required.

Article IV - Committees

Section 1. Executive Committee: The Council shall have an Executive Committee comprised of officers and any other members designated by the Council. Only voting members listed in Article II, Section 1A shall have the ability to vote in the Executive Committee; any other designated individuals may participate at the invitation of the Chairperson, but may not vote. The Chairperson of the EERMC shall be the Chair of the Executive Committee. The Executive Committee must meet, at a minimum, one time per year.

The Committee shall be responsible for:

- A. Establishing and reviewing Council member performance standards and codes of conduct consistent with mission of the Council;
- B. Evaluating the performance of members annually;
- C. Reviewing these by-laws annually and recommending ing any changes to the full Council;
- D. The recruitment of potential members and oversight of the education of existing members;
- E. Developing and recommending annual budgets to the full Council; and
- ~~E. Developing the agendas for meetings of the Council; and~~
- F. Exercising any of the powers and authority of the Council that the Council may delegate to the Committee, subject to the control of the Council, except the power to amend or repeal these by-laws and any matter required by law to be exercised by the Council.

Commented [OER6]: Moved to Chairperson

Section 2. Other Committees: The Council may create other committees that shall have, and may exercise, such powers as shall be conferred or authorized by resolution of the Council. Such other committees will have such name or names as may be determined from time to time by resolution adopted by the voting members of the Council. The Council, by such affirmative vote, shall have power, at any time, to change the powers, and to dispose of, any such committee.

Section 3. Task Forces and Other Non-Member Committees: The Council may recommend to the Chairperson the creation of one or more ad-hoc committees, work groups or task forces, solely to make recommendations to the Council, which may consist of one or more persons who may but need not be Council members. No such task force or committee shall have or exercise any of the authority of the Council in the management of the affairs of the Council.

Section 4. Committee Meetings: At all Council committee meetings, the majority of the membership of said committee shall, at any meeting, constitute a quorum for the transaction of business. Each committee will comply with RIGL §42-46, Open Meetings, accessible to the general public, keep regular minutes of its proceedings and report the same to the Council when required.

Article V – Council Meetings

Section 1. Meetings: The Council shall meet monthly at a place, date and time to be designated by the Chairperson. The meetings shall be open, accessible to the general public, and keep regular minutes of its proceedings and report the same to the Council when required in accordance with RIGL §42-46, Open Meetings.

Section 2. Notice of Meetings: Notice of all meetings shall be given to any member either in writing, personally, by telephone, by facsimile or email to his or her house or office either directly or by leaving a message. Notice of any meeting of the Council shall be sent to each Council member not less than seven (7) days before the meeting; this may be waived, consistent with the Open Meetings Law and other applicable provisions, if circumstances warrant.

Section 3. Specification of Business: Notice of any meeting of the Council shall specify the place, the day, and the hour of the meeting, and, where practicable, an agenda of the business to be conducted at said meeting. In the case of a special meeting, the notice shall contain the general nature of the business to be transacted.

[A council member may request that the Chairperson add or adjust items on a meeting agenda if the request is made at least 72 hours in advance of a scheduled meeting. Such requests must be submitted to the Chairperson in writing or via email. If the Chairperson denies or does not act on the request, the Council member may make a motion at the scheduled meeting to adjust an item on the agenda for discussion purposes only or to add an item to the next meeting's agenda. Votes may only be added to an agenda 48 hours or more in advance of a scheduled meeting.](#)

Section 4. Notice of Cancelled Meeting: When a scheduled Council meeting is cancelled, notice of the cancellation shall be given consistent with Section 2 of this Section.

Section 5. Special Meetings: The Chairperson of the Council, a majority of the members of the Council, or a majority of the Executive Committee shall have the authority to call a special meeting of the Council.

Section 6. Quorum: Pursuant to RIGL §42-140.1-4(c), a simple majority of the total number of voting members shall constitute a quorum. If, however, such quorum shall not be present at any meeting, the members shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Voting: Each voting member shall be entitled to one vote. A vote of a majority of the members present at a meeting at which a quorum is present shall be the act of the EERMC. Voting by proxy, by mail or any other means where the member is not in attendance is not permitted.

Section 8. Executive Session: The Council, upon an affirmative vote of a majority of its members, may vote to go into executive session, and hold a meeting closed to the public. At the discretion of the Council, such executive session may also be closed to the Executive Director. The vote of each Council member on the question of holding a meeting closed to the public, and the reasons for holding such a meeting, shall be recorded and entered in the minutes of the meeting. A meeting or executive session so closed to the public shall be limited to the following matters:

- A. Sessions pertaining to litigation, or work sessions pertaining to the same;
- B. Any discussions or considerations related to the contracting of energy consulting services or other contracted services wherein advance public information would be detrimental to the interest of the public; and

C. Any and all matters which may be contained in RIGL §42-46-5, or any amendment thereof.

Section 9. Conflict of Interest: Council members shall not engage in any conduct resulting in a real, potential, or apparent conflict of interest. A conflict of interest may arise when any action by a Council member or staff, whether isolated, recurring, or continuous, is to the direct financial advantage of a Council member or staff and their family defined as a spouse and dependent children as well as any person related to such Council member or staff whether by blood, marriage or adoption. Council members shall not participate in the selection, evaluation, choice, or management of a proposal, application or contract, covered by state and/or federal funds, if a real, potential, or apparent conflict of interest would be involved. Such a conflict of interest would arise when any Council member or staff or any member of their family, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm/organization selected for a contract.

The attendance of any member at a meeting of the Council or committee, in which the member has an interest, shall be counted in determining the presence of a quorum and shall not prohibit the Council or committee from authorizing, approving or ratifying a contract or award made by an affirmative vote of the Council or committee. However, the member shall recuse from any discussion and shall abstain from voting on any matter in which the member has interest.

Council members shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, sub-recipients, parties of project contractors, or entities associated with such.

Article VI - Amendments to By-Laws

Section 1. Amendments: These by-laws shall not be amended except by a two-thirds (2/3) affirmative vote of the members constituting the Council at a properly called and noticed Council meeting. No vote to amend the by-laws shall be taken unless notice, in writing, and a copy of the proposed changes, has been given to the Council membership at least two (2) weeks prior to the Council meeting at which the vote on said amendment is to be taken.

Article VII - Parliamentary Authority and Other Operating Procedures

Section 1. Parliamentary Procedure: Roberts Rules of Order shall govern the proceedings of Council meetings, insofar as they are not inconsistent with these by-laws. These rules may be relaxed at the discretion of the Chairperson, in view of the nature of the discussion, should there be no objection from the membership.

Section 2. Roll Call Vote: The Chairperson, at his/her discretion, may request a roll call vote. A request for a roll call vote by any member is subject to a majority vote of the Council.

Attached is the proposal for the ExecComm from June 2014.
From the June 2014 meeting notes:

3. Other Business Discussion and Vote on Executive Committee Formation

Commissioner Gold explained that some Council members have been discussing the need for an Executive Committee (see attached) to address administrative matters, including overseeing budgets, consultant team selection and management, PUC dockets, and annual and 3-year plans.

The Committee would also develop the EERMC meeting agendas. The Committee would have publicly posted meetings and we would take minutes, following all the Robert's rules. It would also consider the creation of additional ad hoc committees as needed.

Commissioner Gold added that draft rules of procedures for the Council were developed some time ago but were never codified. One of the Committee's first responsibilities will be to review those procedures and finalize them, which would include the appointment of a Vice Chair.

Chairman Ryan said that the general purpose of the Executive Committee would be to allow that group to get into the weeds and discuss issues in more depth so that the full Council meetings will not need to get as detailed.

Mr. Parker asked if this group would be responsible for finalizing language on official documents, and if so, could they do it via email as a formal committee. Chairman Ryan explained that email decisions are not allowed in Rhode Island. If there are not more than two voting members on a phone call at one time, it does not need to follow open meetings rules. The final decision will be made by the Council's legal counsel.

The Council discussed the idea of employing the consent agenda model, in which the full Council does one vote on everything that the Executive Committee has approved. It might be a way of streamlining meetings. Abigail Anthony noted that there are some things that would make sense for consent agenda and some things that would not.

Mr. Justynski made a motion to create the Executive Committee. Joe Newsome seconded and the motion passed unanimously.

EERMC EXECUTIVE COMMITTEE PROPOSAL

June 12, 2014

Purpose

- Create a strong, engaged executive committee invested in all administrative matters

Members

- EERMC Chair – Chair, Paul Ryan
- EERMC Vice Chair (Large C & I) – Chris Powell
- EERMC Environmental Representative – Abigail Anthony
- RI OER (Executive Director, Chief of Staff and OER staff person)
- Utility Representative
- Consultant Team

Scope of Duties

- Oversee budgets, C-team selection and management, PUC dockets, annual and three year plans
- Provide coordinated and consistent direction to C-Team from EERMC/OER
- Check-in with OER staff on general administrative issues.
- Provide opportunity for C-Team to bring important issues from the Collaborative back to the EERMC
- Formalize proposal for ad hoc standing committees – C & I, Residential and System Reliability
- Liaison with Demand Collaborative
- Make suggestions for needed additional short-term committees
- Generally make sure that we're all on the same page
- Committee chair leads discussions and update Council after every committee meeting
- Consider allowing remote participation
- Meets monthly one week before the EERMC meeting
- Committee meetings are public

Meeting Schedule

- Thursday, July 10th, 2:00 - 3:00 PM, Conference Room B
- Thursday, August 7th, 3:00 - 4:00 PM, Conference Room B
- Thursday, September 4th, 2:00 - 3:00 PM, Conference Room B
- Thursday, October 2nd, 2:00 - 3:00 PM, Conference Room B
- Thursday, November 6th, 2:00 - 3:00 PM, Conference Room B
- Thursday, December 4th, 2:00 - 3:00 PM, Conference Room B